

FORM SEC Mail
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Washington, DC
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM D

NOTICE OF SALE OF SECURITIES
PURSUANT TO REGULATION D,
SECTION 4(6), AND/OR
UNIFORM LIMITED OFFERING EXEMPTION

1442886

OMB APPROVAL	
OMB Number:	3235-0076
Expires:	August 31, 2008
Estimated average burden hours per response:	16.00

SEC USE ONLY	
Prefix	Serial
DATE RECEIVED	

Name of Offering (☐ check if this is an amendment and name has changed, and indicate change.)

Educare Learning Group, Inc. 401k Plan QES Disclosure

Filing Under (Check box(es) that apply): ☐ Rule 504 ☐ Rule 505 ☐ Rule 506 ☒ Section 4(6) ☐ ULOE

Type of Filing: ☒ New Filing ☐ Amendment



08057823

A. BASIC IDENTIFICATION DATA

1. Enter the information requested about the issuer

Name of Issuer (☐ check if this is an amendment and name has changed, and indicate change.)

Educare Learning Group, Inc.

Address of Executive Offices (Number and Street, City, State, Zip Code)
506 Limona Road, Brandon Florida 33510

Telephone Number (Including Area Code)
813-684-6265

Address of Principal Business Operations (if different from Executive Offices) (Number and Street, City, State, Zip Code)

Telephone Number (Including Area Code)

Brief Description of Business

own and operate a child care and learning facility

Type of Business Organization

- ☒ corporation ☐ limited partnership, already formed ☐ other (please specify):
☐ business trust ☐ limited partnership, to be formed

PROCESSED

B AUG 14 2008

Actual or Estimated Date of Incorporation or Organization: Month Year ☒ Actual ☐ Estimated
11 07

Jurisdiction of Incorporation or Organization: (Enter two-letter U.S. Postal Service abbreviation for State:
CN for Canada; FN for other foreign jurisdiction)

THOMSON REUTERS

GENERAL INSTRUCTIONS

Federal:

Who Must File: All issuers making an offering of securities in reliance on an exemption under Regulation D or Section 4(6), 17 CFR 230.501 et seq. or 15 U.S.C. 77d(6).

When To File: A notice must be filed no later than 15 days after the first sale of securities in the offering. A notice is deemed filed with the U.S. Securities and Exchange Commission (SEC) on the earlier of the date it is received by the SEC at the address given below or, if received at that address after the date on which it is due, on the date it was mailed by United States registered or certified mail to that address.

Where To File: U.S. Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549.

Copies Required: Five (5) copies of this notice must be filed with the SEC, one of which must be manually signed. Any copies not manually signed must be photocopies of the manually signed copy or bear typed or printed signatures.

Information Required: A new filing must contain all information requested. Amendments need only report the name of the issuer and offering, any changes thereto, the information requested in Part C, and any material changes from the information previously supplied in Parts A and B. Part E and the Appendix need not be filed with the SEC.

Filing Fee: There is no federal filing fee.

State:

This notice shall be used to indicate reliance on the Uniform Limited Offering Exemption (ULOE) for sales of securities in those states that have adopted ULOE and that have adopted this form. Issuers relying on ULOE must file a separate notice with the Securities Administrator in each state where sales are to be, or have been made. If a state requires the payment of a fee as a precondition to the claim for the exemption, a fee in the proper amount shall accompany this form. This notice shall be filed in the appropriate states in accordance with state law. The Appendix to the notice constitutes a part of this notice and must be completed.

ATTENTION

Failure to file notice in the appropriate states will not result in a loss of the federal exemption. Conversely, failure to file the appropriate federal notice will not result in a loss of an available state exemption unless such exemption is predicated on the filing of a federal notice.

A. BASIC IDENTIFICATION DATA

2. Enter the information requested for the following:

- Each promoter of the issuer, if the issuer has been organized within the past five years;
- Each beneficial owner having the power to vote or dispose, or direct the vote or disposition of, 10% or more of a class of equity securities of the issuer.
- Each executive officer and director of corporate issuers and of corporate general and managing partners of partnership issuers; and
- Each general and managing partner of partnership issuers.

Check Box(es) that Apply: ☒ Promoter ☒ Beneficial Owner ☒ Executive Officer ☒ Director ☐ General and/or Managing Partner

Full Name (Last name first, if individual)

Sterling, Baldwin

Business or Residence Address (Number and Street, City, State, Zip Code)

506 Limona Road, Brandon Florida 33510

Check Box(es) that Apply: ☐ Promoter ☒ Beneficial Owner ☐ Executive Officer ☒ Director ☐ General and/or Managing Partner

Full Name (Last name first, if individual)

Sterling, Debra

Business or Residence Address (Number and Street, City, State, Zip Code)

506 Limona Road, Brandon Florida 33510

Check Box(es) that Apply: ☐ Promoter ☐ Beneficial Owner ☐ Executive Officer ☐ Director ☐ General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Check Box(es) that Apply: ☐ Promoter ☐ Beneficial Owner ☐ Executive Officer ☐ Director ☐ General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Check Box(es) that Apply: ☐ Promoter ☐ Beneficial Owner ☐ Executive Officer ☐ Director ☐ General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Check Box(es) that Apply: ☐ Promoter ☐ Beneficial Owner ☐ Executive Officer ☐ Director ☐ General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Check Box(es) that Apply: ☐ Promoter ☐ Beneficial Owner ☐ Executive Officer ☐ Director ☐ General and/or Managing Partner

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

(Use blank sheet, or copy and use additional copies of this sheet, as necessary)

B. INFORMATION ABOUT OFFERING

1. Has the issuer sold, or does the issuer intend to sell, to non-accredited investors in this offering? ☒ Yes ☐ No
Answer also in Appendix, Column 2, if filing under ULOE.
2. What is the minimum investment that will be accepted from any individual? \$ 10.00
Yes ☐ No ☒
3. Does the offering permit joint ownership of a single unit? ☐ Yes ☒ No
4. Enter the information requested for each person who has been or will be paid or given, directly or indirectly, any commission or similar remuneration for solicitation of purchasers in connection with sales of securities in the offering. If a person to be listed is an associated person or agent of a broker or dealer registered with the SEC and/or with a state or states, list the name of the broker or dealer. If more than five (5) persons to be listed are associated persons of such a broker or dealer, you may set forth the information for that broker or dealer only.

Full Name (Last name first, if individual)

NO BROKER/DEALER WAS USED IN CONNECTION WITH THE ISSUANCE OF THE SECURITIES REPORTED HEREIN

Business or Residence Address (Number and Street, City, State, Zip Code)

NO COMMISSIONS WERE PAID IN CONNECTION WITH THE ISSUANCE OF THE SECURITIES REPORTED HEREIN

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers

(Check "All States" or check individual States) ☐ All States

AL	AK	AZ	AR	CA	CO	CT	DE	DC	FL	GA	HI	ID
IL	IN	IA	KS	KY	LA	ME	MD	MA	MI	MN	MS	MO
MT	NE	NV	NH	NJ	NM	NY	NC	ND	OH	OK	OR	PA
RI	SC	SD	TN	TX	UT	VT	VA	WA	WV	WI	WY	PR

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers

(Check "All States" or check individual States) ☐ All States

AL	AK	AZ	AR	CA	CO	CT	DE	DC	FL	GA	HI	ID
IL	IN	IA	KS	KY	LA	ME	MD	MA	MI	MN	MS	MO
MT	NE	NV	NH	NJ	NM	NY	NC	ND	OH	OK	OR	PA
RI	SC	SD	TN	TX	UT	VT	VA	WA	WV	WI	WY	PR

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers

(Check "All States" or check individual States) ☐ All States

AL	AK	AZ	AR	CA	CO	CT	DE	DC	FL	GA	HI	ID
IL	IN	IA	KS	KY	LA	ME	MD	MA	MI	MN	MS	MO
MT	NE	NV	NH	NJ	NM	NY	NC	ND	OH	OK	OR	PA
RI	SC	SD	TN	TX	UT	VT	VA	WA	WV	WI	WY	PR

(Use blank sheet, or copy and use additional copies of this sheet, as necessary.)

C. OFFERING PRICE, NUMBER OF INVESTORS, EXPENSES AND USE OF PROCEEDS

1. Enter the aggregate offering price of securities included in this offering and the total amount already sold. Enter "0" if the answer is "none" or "zero." If the transaction is an exchange offering, check this box ☐ and indicate in the columns below the amounts of the securities offered for exchange and already exchanged.

Type of Security	Aggregate Offering Price	Amount Already Sold
Debt	\$ 0.00	\$ 0.00
Equity	\$ 159,860.00	\$ 159,860.00
<input checked="" type="checkbox"/> Common <input type="checkbox"/> Preferred		
Convertible Securities (including warrants)	\$ 0.00	\$ 0.00
Partnership Interests	\$ 0.00	\$ 0.00
Other (Specify 0)	\$ 0.00	\$ 0.00
Total	\$ 159,860.00	\$ 159,860.00

Answer also in Appendix, Column 3, if filing under ULOE.

2. Enter the number of accredited and non-accredited investors who have purchased securities in this offering and the aggregate dollar amounts of their purchases. For offerings under Rule 504, indicate the number of persons who have purchased securities and the aggregate dollar amount of their purchases on the total lines. Enter "0" if answer is "none" or "zero."

	Number Investors	Aggregate Dollar Amount of Purchases
Accredited Investors	2	\$ 159,860.00
Non-accredited Investors	0	\$ 0.00
Total (for filings under Rule 504 only)	0	\$ 0.00

Answer also in Appendix, Column 4, if filing under ULOE.

3. If this filing is for an offering under Rule 504 or 505, enter the information requested for all securities sold by the issuer, to date, in offerings of the types indicated, in the twelve (12) months prior to the first sale of securities in this offering. Classify securities by type listed in Part C — Question 1.

Type of Offering	Type of Security	Dollar Amount Sold
Rule 505	_____	\$ _____
Regulation A	_____	\$ _____
Rule 504	_____	\$ _____
Total	_____	\$ 0.00

- 4 a. Furnish a statement of all expenses in connection with the issuance and distribution of the securities in this offering. Exclude amounts relating solely to organization expenses of the insurer. The information may be given as subject to future contingencies. If the amount of an expenditure is not known, furnish an estimate and check the box to the left of the estimate.

Transfer Agent's Fees	<input type="checkbox"/>	\$ _____
Printing and Engraving Costs	<input type="checkbox"/>	\$ _____
Legal Fees	<input checked="" type="checkbox"/>	\$ 3,000.00
Accounting Fees	<input type="checkbox"/>	\$ _____
Engineering Fees	<input type="checkbox"/>	\$ _____
Sales Commissions (specify finders' fees separately)	<input type="checkbox"/>	\$ _____
Other Expenses (identify)	<input type="checkbox"/>	\$ _____
Total	<input checked="" type="checkbox"/>	\$ 3,000.00

C. OFFERING PRICE, NUMBER OF INVESTORS, EXPENSES AND USE OF PROCEEDS

b. Enter the difference between the aggregate offering price given in response to Part C — Question 1 and total expenses furnished in response to Part C — Question 4.a. This difference is the “adjusted gross proceeds to the issuer.”

\$ 156,860.00

5. Indicate below the amount of the adjusted gross proceed to the issuer used or proposed to be used for each of the purposes shown. If the amount for any purpose is not known, furnish an estimate and check the box to the left of the estimate. The total of the payments listed must equal the adjusted gross proceeds to the issuer set forth in response to Part C — Question 4.b above.

	Payments to Officers, Directors, & Affiliates	Payments to Others
Salaries and fees	<input type="checkbox"/> \$	<input type="checkbox"/> \$
Purchase of real estate	<input type="checkbox"/> \$	<input type="checkbox"/> \$
Purchase, rental or leasing and installation of machinery and equipment	<input type="checkbox"/> \$	<input type="checkbox"/> \$
Construction or leasing of plant buildings and facilities	<input type="checkbox"/> \$	<input type="checkbox"/> \$
Acquisition of other businesses (including the value of securities involved in this offering that may be used in exchange for the assets or securities of another issuer pursuant to a merger)	<input type="checkbox"/> \$	<input checked="" type="checkbox"/> \$ 156,860.00
Repayment of indebtedness	<input type="checkbox"/> \$	<input type="checkbox"/> \$
Working capital	<input type="checkbox"/> \$	<input type="checkbox"/> \$
Other (specify):	<input type="checkbox"/> \$	<input type="checkbox"/> \$
.....	<input type="checkbox"/> \$	<input type="checkbox"/> \$
.....	<input type="checkbox"/> \$	<input type="checkbox"/> \$
Column Totals	<input type="checkbox"/> \$ 0.00	<input checked="" type="checkbox"/> \$ 156,860.00
Total Payments Listed (column totals added)	<input checked="" type="checkbox"/> \$ 156,860.00	

D. FEDERAL SIGNATURE

The issuer has duly caused this notice to be signed by the undersigned duly authorized person. If this notice is filed under Rule 505, the following signature constitutes an undertaking by the issuer to furnish to the U.S. Securities and Exchange Commission, upon written request of its staff, the information furnished by the issuer to any non-accredited investor pursuant to paragraph (b)(2) of Rule 502.

Issuer (Print or Type) Educare Learning Group, Inc.	Signature <i>Baldwin Sterling</i>	Date 8/5/08
Name of Signer (Print or Type) Baldwin Sterling	Title of Signer (Print or Type) President	

ATTENTION

Intentional misstatements or omissions of fact constitute federal criminal violations. (See 18 U.S.C. 1001.)

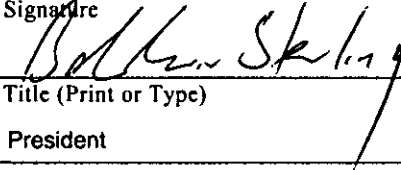
E. STATE SIGNATURE

1. Is any party described in 17 CFR 230.262 presently subject to any of the disqualification provisions of such rule? Yes ☐ No ☒

See Appendix, Column 5, for state response.

2. The undersigned issuer hereby undertakes to furnish to any state administrator of any state in which this notice is filed a notice on Form D (17 CFR 239.500) at such times as required by state law.
3. The undersigned issuer hereby undertakes to furnish to the state administrators, upon written request, information furnished by the issuer to offerees.
4. The undersigned issuer represents that the issuer is familiar with the conditions that must be satisfied to be entitled to the Uniform limited Offering Exemption (ULOE) of the state in which this notice is filed and understands that the issuer claiming the availability of this exemption has the burden of establishing that these conditions have been satisfied.

The issuer has read this notification and knows the contents to be true and has duly caused this notice to be signed on its behalf by the undersigned duly authorized person.

Issuer (Print or Type) Educare Learning Group, Inc.	Signature 	Date 8/5/08
Name (Print or Type) Baldwin Sterling	Title (Print or Type) President	

Instruction:

Print the name and title of the signing representative under his signature for the state portion of this form. One copy of every notice on Form D must be manually signed. Any copies not manually signed must be photocopies of the manually signed copy or bear typed or printed signatures.

APPENDIX

1 State	2 Intend to sell to non-accredited investors in State (Part B-Item 1)		3 Type of security and aggregate offering price offered in state (Part C-Item 1)	4 Type of investor and amount purchased in State (Part C-Item 2)				5 Disqualification under State ULOE (if yes, attach explanation of waiver granted) (Part E-Item 1)	
	Yes	No		Number of Accredited Investors	Amount	Number of Non-Accredited Investors	Amount	Yes	No
AL									
AK									
AZ									
AR									
CA									
CO									
CT									
DE									
DC									
FL		X	common	2	\$159,860.00	0	\$0.00		X
GA									
HI									
ID									
IL									
IN									
IA									
KS									
KY									
LA									
ME									
MD									
MA									
MI									
MN									
MS									

APPENDIX

1 State	2 Intend to sell to non-accredited investors in State (Part B-Item 1)		3 Type of security and aggregate offering price offered in state (Part C-Item 1)	4 Type of investor and amount purchased in State (Part C-Item 2)				5 Disqualification under State ULOE (if yes, attach explanation of waiver granted) (Part E-Item 1)	
	Yes	No		Number of Accredited Investors	Amount	Number of Non-Accredited Investors	Amount	Yes	No
MO									
MT									
NE									
NV									
NH									
NJ									
NM									
NY									
NC									
ND									
OH									
OK									
OR									
PA									
RI									
SC									
SD									
TN									
TX									
UT									
VT									
VA									
WA									
WV									
WI									

APPENDIX

1	2		3	4				5	
	Intend to sell to non-accredited investors in State (Part B-Item 1)		Type of security and aggregate offering price offered in state (Part C-Item 1)	Type of investor and amount purchased in State (Part C-Item 2)				Disqualification under State ULOE (if yes, attach explanation of waiver granted) (Part E-Item 1)	
State	Yes	No		Number of Accredited Investors	Amount	Number of Non-Accredited Investors	Amount	Yes	No
WY									
PR									

August 10, 2008

U.S. Securities and Exchange Commission
450 Fifth Street, N.W.
Washington D.C. 20549

Re: Educare Learning Group, Inc. Federal Securities Exemption

To Whom It May Concern:

The purpose of this letter is to provide additional details to the Securities Exchange Commission ("Commission") requested on Form D. The issuer in this transaction, Educare Learning Group, Inc. (hereinafter referred to as Corporation"), is a small business enterprise and sold Corporation securities in the form of common stock equity, to raise "seed capital." All the securities sold in this transaction were sold to accredited investors, who were both Corporation Board of Directors ("Board") and officers (hereinafter referred to as "accredited investors").

The offer and sale of securities in this transaction was exempt under Florida State Law, Florida State Law, Title XXXIII Chapter 517.051 and 517.061, Exempt Transactions and Exempt Securities. The applicable provision is self-executing and requires no additional state filings to be completed on behalf of the Corporation.

The following is a detailed explanation of the offer and sale of the Corporation's securities. First, the Corporation operates its business as a C Corporation. The Corporation owns and operates a children's daycare center. On November 21, 2007, the Corporation adopted a 401(k) Profit Sharing Plan ("Plan"). The Plan is a qualified standardized prototype that is a traditional profit sharing plan with individual account Plans. All investments in this Plan are participant directed/controlled and not Trustee directed/controlled. The Plan Trustee established a master brokerage account with individual participant directed sub-accounts in the name of each employee seeking to exercise the rights, benefits, and features of the Plan.

The Plan has a provision that allows employees, who may not yet qualify to participate in the Plan, the right to make rollover contributions. A rollover contribution is the distribution of assets from one qualified retirement account to another qualified retirement account i.e. 401(k)s, IRAs, 403(b)s, 457s, etc. Under this provision, if an employee, who is not yet qualified to participate in the Plan, wants to rollover

contributions to the Corporation's Plan, the employee may do so and then invest freely under the provisions of the Plan. Under ERISA and the Internal Revenue Code ("IRC"), the securities sold by an employer to a Plan are known as Qualified Employer Securities (hereinafter referred to as "QES"). Additionally, under IRC § 401(a)(4) and its corresponding regulations: (1) the rights, benefits and features of a Plan cannot discriminate in favor of highly compensated employees, and (2) the option to purchase QES when offered by the employer is a right under the Plan. Under IRC § 401(a), a profit sharing plan created by an employer must be offered for the exclusive benefit of his employees otherwise the plan can be disqualified. IRC § 3121(d) defines an employee as any officer of a corporation and any individual under the usual common law.

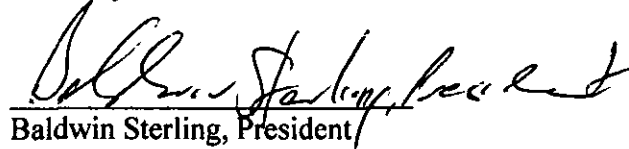
On November 19, 2007, the Corporation Board resolved to raise seed capital by selling securities to the Corporation Plan. Specifically, the Board sought to sell QES to the Plan so accredited investors with assets in their Plan accounts could purchase QES in the Corporation. The President and Secretary also own Olivia's Place, Inc. doing business as Children's Academy; Baldwin Property Management, Inc.; Dernion Care LLC; Dernion Bus LLC, Dernion Home LLC, and Dernion Ybor LLC, all Florida entities. The Corporation and Olivia's Place, Inc. dba Children's Academy; Baldwin Property Management, Inc.; Dernion Care LLC; Dernion Bus LLC, Dernion Home LLC; and Dernion Ybor LLC are related businesses and constitute a control group. If two or more businesses are part of the control group, then for most Plan purposes, all employees of those businesses are deemed to be employed by a single employer. If one related employer sponsors a Plan, it is as though the sponsor employed all employees of the related employers. Between the Corporation employees and the employees employed by Olivia's Place, Inc. dba Children's Academy; Baldwin Property Management, Inc.; Dernion Care LLC; Dernion Bus LLC; Dernion Home LLC; and Dernion Ybor LLC, the Corporation, for Plan purposes, is deemed to employ twenty-one (21) employees, including its Officers. However, only Baldwin Sterling and Debra R. Sterling, the Corporation's President and Secretary, are accredited investors as defined by Federal securities laws. The remaining nineteen (19) employees are non-accredited investors as defined by Federal securities laws. In an effort to comply with IRC § 401(a)(4), the Corporation disclosed in writing to all employees the Board of Director's offer to sell QES to the Plan ("QES Disclosure"). Along with the QES Disclosure, the Corporation provided each and every employee with copies of the Corporation's Plan documents. *See* Exhibit A: QES Disclosure to Employees, Exhibit B: Plan Documents. The QES Disclosure to Employees contains a document called Notice to Employer. The Notice to Employer informs the Corporation as to whether the employee intends to purchase QES via the Plan. Each employee completed a Notice to Employer and declined to purchase QES via the Plan. If an employee had opted to purchase QES via the Plan, the Corporation would have provided the employee Corporation financial statements including cash flows and/or a Private Placement Memorandum. Though the Corporation did not discourage any employee from exercising their right to purchase QES under IRC § 401(a)(4), the Corporation did not want any employee to purchase QES because the securities are a risky investment.

No employee other than Baldwin Sterling and Debra R. Sterling purchased Corporation QES using Plan assets contained in their individual account Plan. All other employees acknowledged their right to purchase QES using Plan assets, but declined to do so. Therefore, it was not necessary to prepare financial statements or a Private Placement Memorandum for the employees. Again, at no time was it ever the Corporation's Board of Director's intention to raise seed capital via the offer/sale of securities to the general public or its non-highly compensated employees, but to allow the Corporation's President and Secretary, Baldwin Sterling and Debra R. Sterling, to purchase QES using his Plan assets.

The accompanying Form D discloses the information for the actual sale of securities, all of which were purchased by Baldwin Sterling and Debra R. Sterling via their individual account Plan.

If you have further questions regarding this transaction please contact Emily Sharp Rains, the Corporation Tax/ERISA attorney who assisted us with this transaction at (206) 283-5593.

Sincerely,

A handwritten signature in cursive script, appearing to read "Baldwin Sterling, President".

Baldwin Sterling, President
Educare Learning Group, Inc.

Cc: Emily Sharp Rains, Esq.

Exhibit A:
QES Disclosure to Employees

Receipt Confirming Delivery of Plan Documents to Employees

I, _____ (employee name), agree that I have received the following documents from my employer, Olivia's Place, Inc. doing business as Children's Academy; Baldwin Property Management, Inc.; Dernion Care LLC; Dernion Bus LLC; Dernion Home LLC; or Dernion Ybor LLC, members of the Educare Learning Group, Inc. ("Corporation") control group; the purposes of the documents are to disclose the Rights, Benefits, and Features of the Corporation's 401(k) Plan:

- Corporation 401(k) Plan: Summary Plan Description
- Funding Policy Statement
- Employee Information Sheet
- Enrollment Form
- Designation of Beneficiary
- Distribution Notice
- Automatic Rollover Notice

Furthermore, my employer and the Corporation have strongly advised me to carefully and thoroughly read all the above documents and sign and date those documents requiring execution.

Dated this _____ day of _____ 200__.

Return to: _____
Address 1: _____
Address 2: _____
Telephone: _____

Employee Name (Print)

Employee Signature

Educare Learning Group, Inc. Qualified Employers Securities Transaction Disclosure Document

The purpose of this document is to disclose to all Educare Learning Group, Inc. (hereinafter referred to as "Corporation") employees their right under the Educare Learning Group, Inc. 401(k) (hereinafter referred to as the "Plan") to purchase qualified employer securities (hereinafter referred to as "QES") when offered by the Corporation to the Plan. Under Internal Revenue Code ("IRC") § 401(a)(4), a Plan cannot offer benefits that favor highly compensated employees of the employer. Under IRC Reg. § 1.401(a)(4)-4(e)(3)(iii)(A), the right to a particular form of investment under a Plan, including for example, a particular class or type of employer securities is a right, benefit, and feature of the Plan and must be offered in a nondiscriminatory manner. Therefore, all rights, benefits, and features provided by the terms of a Plan must be made available to all employees in a nondiscriminatory manner. If and only if a Plan's rights, benefits, and features are made currently available and effectively available to all employees, as defined under the IRC Regulations, then and only then are the Plan's rights, benefits and features treated as provided to employees in a nondiscriminatory manner.

The Plan is intended to be a § 404(c) plan and relieve Plan fiduciaries of liability. A description of the Plan investment options and contact information for the Plan investment managers shall be provided to you in a separate written document. Please refer to your Plan documents for restrictions on investment selections, transfers, and an explanation of fees and expenses that may be charged in connection with investment transactions. Hereafter, all QES offers to the Plan, now and in the future, shall be disclosed to employees in writing.

The Corporation, pursuant to a Board of Director's resolution dated November 19, 2007, resolved to offer employees QES via the Corporation Plan. The Board resolution allows both highly compensated employees ("HCEs") and non-highly compensated employees ("non-HCEs") to purchase QES from the Corporation for a limited time only, specifically from November 19, 2007 to August 18, 2008 (hereinafter referred to as "Limited QES Period"). The purpose of the stock offering was to raise capital to grow and build the Corporation. The Corporation is offering QES to the employees as an incentive to build and grow the Corporation. To avoid violating IRC § 401(a)(4) and its corresponding Regulations, the Corporation may only offer QES to the Plan in a manner that is not discriminatory. Therefore, any employee with assets in the Plan via participation contributions, rollover contributions, or otherwise, may use such assets to exercise their right under the Plan to purchase QES when offered by the Corporation. The Limited QES Period is calculated to allow ample time to all employees seeking to exercise their right to purchase QES from the Corporation, an opportunity to inform the Corporation of their intent to purchase QES, review materials provided by the Corporation containing Corporation information regarding the risks associated with purchasing QES, typically, a private placement memorandum, and purchase the QES. Neither the Corporation nor any third-party will charge commission in connection with the purchase of QES by any HCE or non-HCE. All HCEs who purchase QES pursuant to

the above documented resolution are accredited investors as defined by Federal Securities laws.

Any and all Corporation employees, regardless of their level of participation in the Plan, may exercise their right to purchase QES via the Plan so long as the employee has assets in their individual account plan or deposits rollover assets into their individual account Plan sufficient to purchase QES. An employee may deposit assets into their individual account plan by executing a rollover contribution. A rollover contribution is accomplished when an employee possess assets in another qualified account (i.e. former employer's 401(k), 403(b), 457, Traditional IRA, not the Corporation's Plan) and requests the assets to be rolled over into the Corporation's Plan. Under the 401(k) Plan Adoption Agreement Section 3 Part G question 1, "an employee may make rollover contributions to the Plan pursuant to Section 3.03 of the [Basic Plan] Document." Therefore, employees who are not currently qualified to participate (i.e. make pretax contributions from compensation, receive matching funds and/or profit sharing) in the Plan may exercise the right to purchase QES by making a rollover contribution into their individual account plan. Employees who presently possess assets in the individual account plan may use such assets to purchase QES via the Plan.

Under IRC § 401(a), a profit sharing plan created by an employer must be offered for the exclusive benefit of his employees, otherwise the plan can be disqualified. IRC § 3121(d) defines an employee as any officer of a corporation and any individual under the usual common law. If two businesses are a part of a controlled group, then for most Plan purposes, all employees of those businesses are deemed to be employed by a single employer (hereinafter referred to as "related employers"). If one related employer sponsors a Plan, it is as though the sponsor employed all employees of the related employers. One type of control group occurs when two or more businesses (or corporations) have five or fewer persons that possess both a controlling interest and effective control in the related businesses (or corporations).

A controlling interest is established when five or fewer persons possess at least eighty percent (80%) of either the voting power or the value of stock of the corporation. *See* IRC 1563(a)(2)(A). Effective control is established when the same five or fewer persons with a controlling interest also own more than fifty percent (50%) of the voting power or value of stock of the group of corporations. *See* IRC 1563(a)(1)(A). However, when calculating the 50% for effective control, each person's lowest equity interest, among the group of corporations, is treated as the person's actual equity interest in each of the corporations in the potential group. Then, each person's lowest equity interest is added to calculate the 50% minimum. When the same persons who possess a controlling interest in each corporation also possess effective control in the same corporations then such corporations constitute a control group. Under IRC § 1563(f)(3)(B), when stock is owned by two or more persons such stock shall be considered as owned by the persons whose ownership of such stock results in the corporation being a component member of a controlled group. In the case of spouses, under IRC § 1563(e)(5), an individual shall be considered as owning stock in a corporation owned, directly or indirectly, by or for his spouse.

The Corporation and Olivia's Place, Inc. DBA Children's Academy; Baldwin Property Management, Inc.; Dernion Care LLC; Dernion Bus LLC, Dernion Home LLC; and Dernion Ybor LLC, organized in Florida State, (hereinafter referred to as "Educare Control Group"), together constitute a control group. The President and Secretary of the Corporation (hereinafter "controlling shareholders") own eighty percent (80%) or more, directly and/or indirectly, of both the Corporation and Educare Control Group. Specifically, the controlling shareholders own one hundred percent (100%) stock in the Corporation and one hundred (100%) membership units of Educare Control Group. The lowest percentage of equity owned by the controlling shareholders in the potential control group businesses is one hundred percent (100%). Since one hundred percent (100%) is more than fifty percent (50%) the controlling shareholders also possess effective control in each of the potential control group businesses. Because the Corporation and Educare Control Group constitute a control group, the Plan offered by the Corporation to its employees must also be offered to the Educare Control Group employees.

Under ERISA § 407(d)(1) and 407(d)(5), QES is defined as a security issued by an employer of employees covered by the Plan, or by an affiliate of such employer, whereby the term security means stock. ERISA § 408(e), entitled Exemptions from Prohibited Transaction, states that the acquisition of QES by a Plan shall not constitute a prohibited transaction or be subject to the 10 percent limitation with respect to the acquisition and holding of QES by the Plan, if such sale is (1) for adequate consideration, (2) no commission is charged with respect to the sale of QES to the Plan, and (3) the Plan is an eligible individual account Plan (also known as "EIAP"). *See also* ERISA §§ 406 [Prohibited Transactions], 407 [10 percent Limitations with Respect to Acquisition and Holding of Employer Securities and Employer Real Property by Certain Plans]. IMPORTANT: All QES offered/sold will be issued from the Corporation Treasury and not transferred from a party in interest to the Plan.

First, when QES is not traded on a national securities exchange registered under the Securities Exchange Act of 1934 (Exchange Act) § 6, adequate consideration for the offer/sale of such QES is achieved if (1) the Plan pays no more than fair market value and (2) the fair market value was determined in good faith by the fiduciary. *Howard v. Shay*, 100 F.3d 1484, 1488 (9th Cir. 1996). Proposed Regulation, 53 Fed at 17634, defines fair market value "as the price at which an asset would change hands between a willing buyer and willing seller when the former is not under any compulsion to buy and the latter is not under any compulsion to sell, and both parties are able, as well as willing, to trade and are well-informed about the asset and the market for that asset."

Second, an EIAP is a 401(k) or other Profit-Sharing Plan and such Plan explicitly provides for the acquisition of QES. *See* ERISA § 407(d)(3)(B). The Corporation has adopted a 401(k) Profit-Sharing Plan that explicitly allows employees with assets in their individual account to acquire QES. Under the 401(k) Plan Adoption Agreement, a Plan Participant is responsible for directing the investment of their Plan assets pursuant to Section 7.22(B) of the 401(k) Basic Plan Document and may direct the Plan assets contained in the Participant's individual account Plan to be invested in QES as defined by ERISA § 407(d)(5). *See* Section Seven Part A-B, respectively. Pursuant to the

Corporation's 401(k) Funding Policy Rights Statement Paragraph 4: Pass Through Voting Rights, an employee has the right to vote all QES and all other securities with accompanying voting rights owned by the employee's individual account Plan. Therefore, employees shall be permitted to vote the QES held in their individual account Plan and not the Corporation's Plan trustee(s).

Moreover, the Plan does not contain a blackout period. A blackout period is a temporary suspension, limitation, or restriction on the ability of Participants/Beneficiaries under the Plan to direct or diversify assets credited to their individual account Plan. See ERISA § 101(i) & DOL Reg. § 2520.101-3(d)(1)(i). Nor does the Plan contain any permanent restrictions that suspend, limit, or restrict an employee from exercising their rights under the Plan. Employees and/or Employee-Participants may not resell QES on behalf of their EIAP to other persons because the QES is a restricted security. **THIS MEANS THAT THE RESALE OF QES IS PROHIBITED BY THE LAW, BOTH FEDERAL AND STATE.** This restraint on the alienation of QES does not constitute a restriction on the Employee's and/or Employee-Participant's rights under the Plan but is instead a restraint imposed by the law and is applicable to those Employees and/or Employee-Participants who may seek to offer/resell their QES to other persons and thereby violate governing Securities laws and applicable Anti-Fraud provisions. See Securities Act, Exchange Act, ERISA § 101(i)(7)(B)(i) and DOL Reg. § 2520.101-3(d)(1)(ii)(A).

Under the Exchange Act § 12, all securities must be registered unless the security is exempt. Additionally, the Securities Act § 13, requires all issuers of a security to comply with the reporting and disclosure requirements contained in this Section, unless the security to be issued is exempt. Exchange Act § 3(12)(A)(iv) describes one type of exempt security as any security issued in connection with a qualified plan. A qualified plan is defined as a profit sharing plan that meets the requirements under IRC § 401. See Exchange Act § 3(12)(C)(i). Under the Securities Act Regulation E § 701, securities offered and/or sold pursuant to certain compensatory benefits plans are exempt from registration required by Securities Act § 5, but are not exempt from the anti-fraud or civil liabilities provisions of Federal Securities laws. The purpose of this rule is to provide an exemption from the registration requirements of the Securities Act for securities issued in compensatory circumstances. To qualify for an exemption from registration and the corresponding reporting requirements required by the Securities Act, the Exchange Act, and the relevant Regulations, the Corporation has narrowly tailored the right to purchase QES by employees using assets contained in their individual account Plan. Specifically, the Corporation is seeking an exemption from registration and reporting under Securities Act Regulation E § 701, or if later such exemption is deemed not available, either Regulation D §§ 504, 506, and/or 4(6).

Therefore, the Corporation will not register either the Plan or the QES issued to the Plan. The Plan offered by the Corporation is a qualified Plan as defined by IRC § 401 and is offered to all Corporation Employees for compensatory purposes only. Participation in the Plan is not mandatory and all employees exercising their rights, benefits, and features of the Plan are not required to purchase QES in the Corporation when offered. Though the Corporation will not register either the Plan or any purchases

of QES by employees via their individual account Plans, the Corporation is still required to ensure that no manipulative or deceptive devices are used when disclosing the risks associated with purchasing QES. *See* Exchange Act 10b-5. Therefore, all employee(s) who notify the Corporation in writing using the attached form (*See* Notice to Employer) shall be provided a private placement memorandum that fully discloses all the risks associated with purchasing the Corporation's QES.

IMPORTANT DISCLOSURES: Again, the QES is a **restricted security** as defined by Federal Securities laws. Since QES is a restricted security, any employee who possesses QES in their individual account Plan is prohibited from reselling the QES to other persons in a subsequent sale. In the event an employee with QES in their individual account Plan wants to divest the QES from their account, the employee may request to have the Corporation redeem the QES for adequate consideration. The employee may reinvest their individual account Plan assets in another investment opportunity or have the assets distributed subject to the Corporation's 401(k) Plan Adoption Agreement. Though the employee may request the Corporation to redeem the QES from their individual account Plan, the Corporation is not obligated to redeem the QES when asked to do so. If the Corporation agrees to honor the employee's request to redeem their QES in their individual account Plan, all expenses incurred by the Corporation to accomplish the employee's request to redeem the QES may be allocated to the employee's individual account Plan.

Moreover, the Plan does not contain a blackout period. A blackout period is a temporary suspension, limitation, or restriction on the ability of participants/beneficiaries under the Plan to direct or diversify assets credited to their individual account Plan. *See* ERISA § 101(i) & DOL Reg. §2520.101-3(d)(1)(i). Nor does the Plan contain any permanent restrictions that suspend, limit, or restrict an employee from exercising their rights under the Plan. Employees holding QES in their eligible individual account Plans or otherwise may not resell QES on behalf of their account to other persons because the QES is a restricted security. ***THIS MEANS THAT THE RESALE OF QES IS PROHIBITED BY BOTH FEDERAL AND STATE LAW.*** This restraint on the alienation of QES does not constitute a restriction on the employee's rights under the Plan but is instead a restraint imposed by the law and is applicable to those employees who may seek to offer/resell their QES to other persons and thereby violate governing Securities laws and applicable Anti-Fraud provisions. *See* Securities Act, Exchange Act, ERISA § 101(i)(7)(B)(i) and DOL Reg. § 2520.101-3(d)(1)(ii)(A).

Lastly, the Corporation's QES is highly speculative, illiquid, and the purchaser bears a significant risk of losing their initial investment in the Corporation and/or not receiving a return on their investment. Any and all employees should carefully consider the terms and risks associated with purchasing the Corporation's QES prior to investing any of their Plan assets in QES. Please further note, that no government regulator is recommending these securities. It is a crime for anyone to tell you differently. Investment in a small business is usually very risky. No employee should invest any funds to purchase QES unless he/she can afford to lose their entire investment. QES should only be purchased after exercising extreme caution and obtaining the

Corporation's private placement memorandum, financial statements and any and all other documents that fairly demonstrate the Corporation's financial position, cash flows, and operations including any potential or current legal liabilities.

II. Corporation and Risks

The Corporation was incorporated in the State of Florida in November 2007. The Corporation owns and operates a children's daycare center (the "Business"). The Corporation seeks capital to purchase and operate the daycare center. The Corporation's President has two (2) years of management experience managing a children's daycare center. If the Corporation's management fails to properly manage the cash flow and operations of the Business and/or earn sufficient regular income, the Corporation is not likely to survive. By not likely to survive, we mean to describe an instance whereby the Corporation can no longer support itself in the marketplace and therefore management has opted to liquidate and dissolve the Corporation. The Corporation needs to continue generating enough revenue to pay off any debts, whether present or future, operational expenses, and accumulate cash. The success of a small business is unpredictable and consequently a high risk investment option.

The Corporation has one million (1,000,000) shares in Treasury. The Corporation will make available no more than twenty thousand (20,000) shares of QES to employees who wish to purchase QES using assets contained in their individual account Plans. The Corporation will use its best efforts and act in good faith to ensure that all documents provided to employees seeking to purchase QES via the Plan comply with governing disclosure requirements under ERISA, IRC, and Federal and State Securities laws, including Anti-Fraud provision. Only employees who provide the Corporation with a completed "Notice to Employer: Notice to the Corporation of Employee's Intent to Purchase QES" will receive additional materials, including the Corporation's financial information, risks associated with purchasing the Corporation QES, and any other information necessary to ensure employees who intend to purchase QES are sufficiently informed before using the assets in their individual account Plans to purchase QES.

It is the responsibility of every employee to thoroughly and carefully read all documents provided by the Educare Learning Group, Inc. 401(k) Plan including but not limited to: the Summary Plan Description, Funding Policy Statement, Employee Information Sheet, Enrollment Form, Designation of Beneficiary, Distribution Notice, and Automatic Rollover Notice. The information contained in the documents above shall supersede all information deemed contrary in this document, if any. **THE SOLE PURPOSE OF THIS DOCUMENT IS TO PROVIDE ALL EMPLOYEES WITH NOTICE OF THEIR RIGHT TO PURCHASE QES WHEN MADE AVAILABLE BY THE CORPORATION TO THE PLAN AND NOT TO SOLICIT PERSONS TO PURCHASE QES.** Finally, this document should not be construed as a solicitation to sell QES to employees. Lastly, we strongly advise you to seek independent and competent counsel to further inform you of your rights and the associated risks affiliated with the purchase of QES as well as all other disclosures regarding your rights, benefits, and features under the Corporation 401(k) Plan.

By signing this document you agree that you understand that this document is not a written solicitation by the Corporation to offer/sell QES to you as a Plan Participant or otherwise and is instead proffered to provide you notice of your right to purchase QES pursuant the nondiscrimination rules of the Internal Revenue Code.

Date this ____ day of _____, 200 ____.

Print Employee Name

Employee Signature

NOTICE TO EMPLOYER

Notice to the Corporation of Employees Intent to Purchase QES via the Plan

I, _____, will rollover qualified contribution monies to the Corporation's 401(k) Plan so I can exercise my right to purchase QES in the Corporation. The purpose of this notice is to inform the Corporation's management of my intention to participate in the acquisition of QES so the Corporation can prepare a private placement memorandum and/or deliver detailed corporate financial statements, including cash flows and other necessary information required to make an informed decision.

Date this _____ day of _____, 200____.

Employee Signature

Notice to Corporation that Employee Declines to Purchase QES via the Plan

I, _____, do not wish to rollover qualified contribution monies to the Corporation's 401(k) Plan or use assets in my eligible individual account Plan to purchase QES in the Corporation. I understand that I may not get another opportunity to purchase QES in the Corporation due to the high costs associated with this type of transaction.

Date this _____ day of _____, 200____.

Employee Signature

Exhibit B:
Plan Documents

FUNDING POLICY STATEMENT OF EDUCARE LEARNING GROUP, INC. 401(K) PLAN

Pursuant to Section 7.22 (A) ("Plan Investments") of the Basic Plan Document, EduCare Learning Group, Inc. ("Employer") hereby adopts this Funding Policy Statement:

1. The Plan. Employer sponsors the EduCare Learning Group, Inc. 401(k) Plan ("the Plan") for the benefit of its employees. It is intended to provide eligible employees with the long-term accumulation of retirement savings through a combination of contributions to individual participant accounts and the investment earnings thereon. The Plan is intended to constitute a participant directed individual account plan as described in ERISA § 404(c) and the regulations issued thereunder. As such, the fiduciaries of the Plan may be relieved of liability for any losses that are the direct and necessary result of investment instructions given by such participant or beneficiary.

2. Investment Alternatives; Permissible Investments. The provisions of Section 7.22 (D) ("Permissible Investments") of the Basic Plan Document are incorporated by this reference. As provided in Section 7.22 (B) ("Direction of Investments by Participants"), each Participant shall have the responsibility for directing the Trustee regarding the investment of all or part of his or her Individual Account. The Plan does not pre-select investment funds for Participants. The Participant may invest his or her account assets in any available investment, subject only to the requirement that all investments must be within the scope of Section 7.22 of the Basic Plan Document and must also be in compliance with this Funding Policy Statement. The Trustee has no duty to provide investment advice to any Participant. Participant is required to identify and designate his or her own investment advisor(s) and/or investment manager(s). Participant shall be solely liable for any taxes, fees, costs, charges, and expenses of any type or nature that are chargeable or attributable directly or indirectly to the Plan as a result of any transaction or investment made by the Participant or Beneficiary, or by the Trustee on his or her behalf.

3. Investment Instructions to Trustee. The Participant may give investment instructions to the Trustee in writing or otherwise. If Participant so requests, the Trustee will confirm such investment instructions in writing. The Plan will charge Participant's account for the reasonable expenses of carrying out investment instructions. The Trustee will periodically inform the Participant of actual expenses incurred with respect to the Participant's individual account. Participants may give investment instructions to the Trustee during the first week of each month with respect to the purchase or sale of securities (including mutual funds), and at any time with respect to other investments.

4. Pass-Through of Voting Rights. All voting, tender and similar rights of any securities purchased by the Plan for a Participant's individual account shall be passed through to the Participant or Beneficiary whose account holds such securities. If the Trustee receives any proxy statements or other written materials that entail voting or

tender topics for securities held in a Participant's account (collectively "Proxy Materials"), the Trustee shall deliver such Proxy Materials forthwith to the Participant. It is the duty of the Participant to open such materials and determine any applicable deadlines for response. The Participant shall execute any votes, proxies, tender instructions or other responses to the Proxy Materials and deliver the Participant's response to the Trustee in sufficient time to enable the Trustee to post such response into the U.S. Mail in time to comply with any applicable submission deadlines.

5. Qualifying Employer Securities. The Participant may elect to acquire and hold Qualifying Employer Securities as defined in ERISA § 407(d)(5) as now existing or hereafter amended, should an offering of such Qualifying Employer Securities be made now or at some time in the future. The Plan may hold up to 100% of its assets in qualifying employer securities per ERISA § 406(d)(3)(B) as now existing or hereafter amended.

6. No Prohibited Transactions. The Participant shall not engage in any investment or transaction that constitutes a Prohibited Transaction within the meaning of ERISA §§ 406 or 407, or within Internal Revenue Code sec 4975(c)(1), as now existing or hereafter amended. Should Participant engage in a Prohibited Transaction, Participant shall correct the transaction immediately, and shall bear fully responsibility for any and all costs, expenses, taxes, fees or penalties that result from such Prohibited Transaction.

7. No Margin Transactions. Participant shall not make any investments on margin without the express prior written approval of the Employer and the Trustee. If such prior written approval is granted, it shall be on the condition that Participant bears any and all federal and state taxes, together with any and all additional costs, fees and expenses incurred by Employer as a result of such margin transactions, including additional accounting, bookkeeping, legal and administrative fees incurred to prepare any Form 5500 tax return for the plan year in question.

8. No Unrelated Business Taxable Income Transactions. Participant shall not make any investments or engage in any transactions that generate Unrelated Business Taxable Income (UBTI) as defined in Internal Revenue Code Sections 512, 513, and 514 as now existing or hereafter amended, without the express prior written approval of the Employer and the Trustee. If such prior written approval is granted, it shall be on the condition that Participant bears any and all federal and state taxes, together with any and all additional costs, fees and expenses incurred by Employer as a result of such UBTI transactions, including additional accounting, bookkeeping, legal and administrative fees incurred to prepare any Form 5500 tax return for the plan year in question.

9. No Investments in Collectibles. In accordance with Section 7.22(B) of the Basic Plan Document, a Participant or Beneficiary shall not make any investment; nor direct the Trustee to make any investment, in "collectibles" as that term is defined in IRC § 408(m).

10. Other Investment Restrictions. A Participant or Beneficiary shall not make any investment, nor direct the Trustee to make any investment that:

- (A) Would not be in accordance with the documents and instruments governing the plan insofar as such documents and instruments are consistent with the provisions of Title I of ERISA;
- (B) Would cause a fiduciary to maintain the indicia of ownership of any assets of the Plan outside the jurisdiction of the district courts of the United States;
- (C) Would jeopardize the Plan's tax qualified status under the Internal Revenue Code or would otherwise constitute a violation of law;
- (D) Could result in a loss in excess of a participant's or beneficiary's account balance; or
- (E) Would result in a direct or indirect:
 - (1) Sale, exchange, or lease of property between the Plan and a party in interest, i.e., a "prohibited transaction" within the meaning of ERISA § 406;
 - (2) Loan to a Plan sponsor;
 - (3) Acquisition or sale of any employer real property; or
 - (4) Acquisition or sale of any employer security that does not comply with the requirements of ERISA and the regulations issued thereunder.

11. Designation and Duties of Fiduciary. The Plan's Co-Trustees, who are the designated fiduciaries, are Baldwin Sterling and Debra Sterling. A Trustee is obligated to comply with investment instructions from a participant, except as otherwise required by ERISA, the Plan documents, and this Funding Policy Statement. The Trustee's address and phone number are the same as that of the Employer. A Trustee is responsible for ensuring that the confidentiality of information relating to the purchase, holding, and sale of securities, and the exercise of voting, tender and similar rights for securities that have been purchased by participants is maintained, except to the extent necessary to comply with Federal law or state laws not preempted by ERISA.

12. Coordination with the Plan Documents. Notwithstanding the foregoing, if any term or condition of this Funding Policy Statement conflicts with any term or condition in the Plan, the terms and conditions of the Plan shall control.

13. Participant's Control Over His or Her Self-Directed Account. Because this is an individual account plan, the Participant is expected to exercise independent control over the investment of the assets in his or her individual account. To that end, each Participant is expected to obtain sufficient information to make informed decisions as to such investments from an investment advisor or investment manager of his or her own choosing. Each Participant thus needs to evaluate his or her own investment objectives, and the risk and return characteristics of potential investments. Each Participant also needs to evaluate the diversification of assets within his or her individual account. The Participant is expected to request information from his or her own investment advisor or investment manager, including the following: the transaction fees and expenses that may be incurred with any particular investment that is being considered; a copy of the most recent prospectus, financial statements, and reports of any securities or mutual funds being considered; annual operating expenses of any investment funds; a listing of the portfolio assets of any investment fund; the past and current investment performance of all investments being considered; and information concerning the value of shares or units held in Participant's individual account.

14. Employer's Right to Amend Funding Policy Statement. Employer reserves the right to amend this 401(k) Funding Policy Statement at any time, and from time to time; provided, however, that any such amendment shall operate on a prospective basis only. Notwithstanding the prospective nature of any such amendment, Participant shall be solely liable for any additional taxes, fees, costs, charges, and expenses of any type or nature that are chargeable or attributable directly or indirectly to the Plan as a result of any transaction or investment made by the Participant or on his or her behalf.

Dated this _____ day of _____, 200____.

EMPLOYER:

By: _____
Baldwin Sterling, President

PARTICIPANT:

By: _____
Signature of Employee

Printed Name of Employee

PLAN PARTICIPANT INFORMATION

401(k) Plan Trustee Obligations To Plan Participants

The documents contained under this tab are some of the documents that the Trustee of the plan (usually yourself) are required to provide to every participant of the Plan. It is very important that you understand and do provide these documents to plan participants as necessary.

Enrollment Form:

An enrollment form must be provided to and signed by every employee eligible to participate in the plan. The form provides each eligible employee the option of enrolling in the plan or declining enrollment. An Enrollment Form must be signed by every eligible employee and **copies** of each signed form must be returned to the plan Recordkeeper.

You are going to be your plan's first participant! It is important that you complete an enrollment form and also follow the instructions contained under this tab titled "**Participant Information.**"

As for other eligible employees, the following information will assist the plan trustee with properly enrolling each eligible employee in the plan:

Decline To Enroll:

In the event an employee declines enrollment, nothing more needs to be done at that time, although the employee does need to complete the form and sign it and the plan trustee will need to keep a copy in the plan records.

Elect to Enroll:

If an employee elects to enroll, the form is fairly straightforward and information needs to be completed on how each participant wishes to have their 401(k) funds invested.

Once enrolled, the employee becomes a participant of the plan and there are several documents you will need to provide to the employee. As Trustee of the plan you have a fiduciary obligation to provide certain information to each participant of the plan.

Designation of Beneficiary

A Designation of Beneficiary Form should be completed by each employee electing to participate in the Plan. The purpose of this form is to designate who you would want to receive your retirement funds in the event you were to pass away. The trustee of the plan should maintain this document in the employee's file.

The following forms have been provided for your use as the need may arise:

Distribution Notice

This document summarizes the procedure for taking distributions, upon eligibility. A copy of the Distribution Notice should be provided to every participant of the plan who becomes eligible to take distribution(s).

Automatic Rollover Notice

A Notice must be provided to every participant of the plan. The Trustee of the plan must complete the Rollover Provisions section and provide a copy to each participant of the plan.

Notice of Blackout Period

A Notice must be provided to every participant of the plan should the ability to direct or diversify assets, or obtain distributions and loans from the Plan be temporarily suspended. Generally, this occurs when merging two or more Plans together. Please contact Guidant Financial Group, Inc. if your Plan requires a Notice of Blackout Period.

Note: Loan Information

If a participant in the Corporation's 401(k) Plan would like to take a participant loan from their 401(k) Plan please contact Guidant Financial Group, Inc. to discuss an amendment to your plan to provide for loans.

Enrollment Form of EduCare Learning Group, Inc. 401(k) Plan

The Enrollment Worksheet is used to enroll in the plan or to notify your Plan Administrator of your election to decline enrollment. A worksheet must be completed for every employee who qualifies to participate in the plan.

SECTIONS I AND III	If you choose to decline enrollment in the plan please complete the applicable sections, sign the form and return it to your Plan Administrator.
SECTIONS I AND II	If you choose to enroll in the Plan, please complete the applicable sections, sign the form and return it to your Plan Administrator.

I. PERSONAL INFORMATION					
EMPLOYEE NAME					
DATE OF BIRTH					
DATE OF HIRE					
SOCIAL SECURITY NO					
ADDRESS					
CITY		STATE		ZIP	
PHONE NO.		EMAIL			

II. ELECTION TO ENROLL & CONTRIBUTION
<p>If you are enrolling, complete Section I of the worksheet, indicate your contribution below, sign and date the form and return it to your Plan Administrator.</p> <p><input type="checkbox"/> I elect to enroll and will contribute _____ % of my compensation. (Enter whole percents only between 1% to 100%) Deductions are subject to maximum deferral amounts (\$15,000 in 2006). Deductions are subject to maximum deferral amounts (\$15,500 in 2007).</p>

III. DECLINE ENROLLMENT
<p>If you are declining enrollment, please complete Section I of this worksheet, check the box below, sign and date the form and return it to your Plan Administrator.</p> <p><input type="checkbox"/> I decline enrollment and have made no contribution selections.</p>

Signature of Employee/Participant

Date

Designation of Beneficiary of EduCare Learning Group, Inc. 401k Plan

PARTICIPANT INFORMATION							
NAME OF PLAN							
PARTICIPANT NAME							
PARTICIPANT ADDRESS						PHONE	
CITY		STATE		ZIP CODE		COUNTY	

CURRENT MARITAL STATUS	
<input type="checkbox"/> I am NOT MARRIED and I understand that if I become married in the future, my spouse will be my Primary Beneficiary unless I complete a new <i>Designation of Beneficiary</i> form and my spouse consents to my designation.	<input type="checkbox"/> I am MARRIED and I understand that my spouse will be my Primary Beneficiary. However, I understand that I may designate a Primary Beneficiary other than my spouse in the space below if my spouse signs the section below entitled "Consent of Spouse"

DESIGNATION OF BENEFICIARY(IES)	
<p>The following individual(s) shall be my beneficiary(ies). Please check Primary or Contingent for each individual beneficiary. If neither is checked, the individual will be deemed to be a primary beneficiary. Attach additional pages if necessary.</p> <p>If any primary or contingent beneficiary dies before me, his or her interest and the interest of his or her heirs shall terminate completely, and the percentage share of any remaining beneficiary(ies) shall be increased on a pro rata basis. If no primary beneficiary(ies) survives me, the contingent beneficiary(ies) shall acquire the designated share of my Qualified Plan balance.</p>	

Primary	Contingent	Name	Social Security No.		
		Address	Date of Birth	Share	%
			Relationship		
Primary	Contingent	Name	Social Security No.		
		Address	Date of Birth	Share	%
			Relationship		
Primary	Contingent	Name	Social Security No.		
		Address	Date of Birth	Share	%
			Relationship		

CONSENT OF SPOUSE TO WAIVE PRIMARY BENEFICIARY DESIGNATION	
Required if Non-Spouse Beneficiary(ies) are named as Primary Beneficiary(ies)	
<p>I am the spouse of the participant named above. I hereby consent to the above designation of beneficiary. I understand that if anyone other than me is designated as Primary Beneficiary on this form, I am waiving all or a portion of any rights I may have to receive benefits under the plan when my spouse dies.</p>	
PARTICIPANT'S SPOUSE SIGNATURE _____ DATE _____ (Must be witnessed/notarized. See below)	

CONSENT OF SPOUSE TO WAIVE SURVIVOR ANNUITY	
Required For Qualified Pre-Retirement Survivor Annuity (See page 2 for additional information regarding this section)	
<p>Married Participant's Election To Waive The Qualified Pre-Retirement Survivor Annuity</p> <p>As a married participant in my employer's qualified retirement plan, I acknowledge that I have read the information about Qualified Pre-Retirement Survivor Annuities on the reverse side of this form. I understand that when I die, any amount remaining in my plan account will be paid to my surviving spouse in the form of a Pre-Retirement Survivor Annuity. I understand that I have a right to waive that form of payment.</p> <p>I hereby elect to waive the requirement that my surviving spouse be paid any benefits that I may have in the plan at the time of my death in the form of a Qualified Pre-Retirement Survivor Annuity. I understand and agree that this waiver is valid only if my spouse has consented by reading and signing the statement below.</p>	
PARTICIPANT'S SIGNATURE _____ DATE _____	
<p>I am the spouse of the participant named above. I hereby consent to my spouse's election not to have benefits remaining in his or her plan paid in the form of a Qualified Pre-Retirement Survivor Annuity at his or her death. I understand that my consent cannot be revoked unless my spouse revokes the above waiver.</p>	
PARTICIPANT'S SPOUSE SIGNATURE _____ DATE _____ (Must be witnessed/notarized. See below.)	

WITNESS TO CONSENT OF SPOUSE TO WAIVE	
<i>The signature of the spouse must be witnessed by a notary public or signature guarantee as required. (Witness applies to either or both elections.)</i>	
NOTARY PUBLIC/SIGNATURE GUARANTEE _____ DATE _____	

SIGNATURES	
PARTICIPANT SIGNATURE _____ DATE _____	
WITNESS SIGNATURE _____ DATE _____	

About Qualified Pre-Retirement Survivor Annuities

If you are a married participant in your employer's qualified retirement plan, the law requires that any amount remaining in your plan account be paid to your surviving spouse in a certain manner at your death. This manner of payment, called a "Qualified Pre-Retirement Survivor Annuity," will provide your spouse with a series of periodic payments over his or her life. The size of the periodic payments will depend on the amount remaining in your plan account.

For example, assume that a participant dies with an account balance of \$10,000. If the balance is paid to the surviving spouse in the form of a qualified pre-retirement survivor annuity, the annuity will provide the spouse with monthly payments of \$76.60. (This payment amount is an estimate based on the Individual Annuity Mortality Tables - 71 using a 5% interest rate with payments commencing at age 65.)

You may elect to waive the following:

1. The requirement that your surviving spouse be paid in the form of a Qualified Pre-Retirement Survivor Annuity, and
2. The requirement that your spouse be your beneficiary (only if applicable).

You may make either or both of the above elections beginning with the first day after which you become a participant in the plan. Any waiver election you sign before age 35 will become invalid the first day of the plan year in which you attain age 35. At that time you may again waive the Qualified Pre-Retirement Survivor Annuity and the requirement that your spouse be your beneficiary.

Your spouse must consent in writing to either waiver. You have the right to revoke any waiver that you have made at any time before your death. Your spouse must also consent to any subsequent changes of beneficiary.

If your vested account balance is \$5,000 or less at the time of your death, the plan administrator may make a distribution to your surviving spouse in a single sum cash payment even if you did not waive the Qualified Pre-Retirement Survivor Annuity.

Because a spouse has certain rights under the law, you should inform your plan administrator immediately of any changes in your marital status. A change in your marital status may require you to complete a new Designation of Beneficiary form.

For more information regarding Pre-Retirement Survivor Annuities, contact your plan administrator.

DISTRIBUTION NOTICE

Regarding The Qualified Retirement Plan Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA")

Important Information About Your Qualified Retirement Plan Distribution: The following updated Qualified Retirement Plan Distribution Notice is provided within this Summary of Material Modifications for purposes of satisfying certain electronic delivery options available to Plan Administrators. You may refer to this Distribution Notice prior to future receipt of a distribution from the Plan.

INTRODUCTION As a participant in your employer's qualified retirement plan, you have accumulated a vested account balance. You may receive your vested account balance only if you incur a triggering event. You may incur a triggering event if:

- you quit working for your employer,
- you attain the normal retirement age indicated in the plan,
- you become disabled,
- your employer terminates the plan,
- your plan permits in-service distributions, or
- you incur a hardship (only applicable to certain plans).

However, you must refer to your Summary Plan Description to identify the specific triggering events which apply under your plan.

NOTE: Generally, payments from your employer's qualified retirement plan must be delayed for a minimum of 30 days after you receive this notice, to allow you time to consider your distribution options. Although you are entitled to consider your distribution options for a period of 30 days, you may waive this 30 day notice requirement. If you are subject to the Retirement Equity Act (REA) notice requirements and you waive the 30 day notice requirement, your employer must wait seven days from the date you received this notice before commencing distributions.

The law dictates the optional forms that your payments may take. The law also specifies how the different types of payments will be taxed. This notice summarizes your distribution options and illustrates the financial effect and the tax consequences of each distribution option.

PART ONE of this notice describes the plan payment options available to you. PART TWO describes your beneficiary(ies) payment options. PART THREE contains a special tax notice, required by the IRS, that explains the tax treatment of your plan payment and describes the direct rollover option for eligible rollover distributions.

NOTE: The payment amounts indicated in this notice are only examples. The calculations for the Qualified Joint and Survivor Annuity are based on standard mortality tables using a five percent interest rate and a payment age of 65. Actual payment amounts will vary depending upon the entity from which you purchase your annuity. You may obtain financial projections based upon your account balance by submitting a request, in writing, to the plan administrator (usually the employer).

PART ONE - PAYMENT OPTIONS FOR PLAN PARTICIPANTS

**IMPORTANT
NOTICE TO
PARTICIPANT**

Read the following message before reviewing your options.

Of the four options listed below, some may not be available to you. If the plan administrator has placed a checkmark in the box immediately above "Waiver Election" on the distribution form, the plan is known as a "REA safe harbor" plan, and no existing plan assets are subject to the REA annuity requirements. In that case, Option I listed below is not available to you, and Option II may be available to you only under limited circumstances.

**DISTRIBUTION
OPTIONS**

I. QUALIFIED JOINT AND SURVIVOR ANNUITY

The law requires that your vested account balance be paid to you in the form of a Qualified Joint and Survivor Annuity if you are married, or a Single Life Annuity if you are not married. If you wish to receive your vested account balance using a different distribution option (described below), you must waive the Qualified Joint and Survivor Annuity (the Single Life Annuity if you are not married) and your spouse must consent to the annuity waiver.

Unless properly waived, you will receive your vested account balance in the form of a Qualified Joint and Survivor Annuity (the Single Life Annuity if you are not married).

A. Qualified Joint and Survivor Annuity Defined

If you are married, a Qualified Joint and Survivor Annuity is a series of periodic payments to you during your lifetime and to your spouse upon your death. The periodic payment amount your spouse receives will be a set percentage of the periodic payment amount you received during your lifetime. To determine the percentage your spouse would receive (i.e., survivor annuity), contact the plan administrator.

If you are not married, a Qualified Joint and Survivor Annuity is a series of annuity payments over your life.

If your vested account balance is \$5,000 or less at the time of the distribution, the plan administrator has the right to pay your distribution to you in a single cash payment. If your vested account balance exceeds \$5,000, you must consent to the form of payment.

B. Waiving the Qualified Joint and Survivor Annuity

If you wish to receive your vested account balance using one of the other options listed in Section II through IV of this form, you (and, if you are married, your spouse) must waive the Qualified Joint and Survivor Annuity. You can waive the Qualified Joint and Survivor Annuity by completing a distribution form. You can obtain this form from your plan administrator. After waiving the Qualified Joint and Survivor Annuity by signing the distribution form, you may receive your vested account balance using one of the other distribution methods explained below.

C. Financial Effect of a Qualified Joint and Survivor Annuity

As stated above, a Qualified Joint and Survivor Annuity will provide periodic payments to you during your lifetime and, if you are married, to your spouse after your death. Your spouse will generally receive smaller periodic payments than you received while you were alive. For example, assume a participant retires with a \$10,000 vested account balance. A Qualified Joint and Survivor Annuity would provide him or her with the following payments.

<u>Lifetime Monthly Participant Benefit</u>	<u>% of Survivor Annuity*</u>	<u>Monthly Survivor Benefit</u>
\$63.40	100%	\$63.40
\$66.30	75%	\$49.72
\$67.30	66.67%	\$44.86
\$69.40	50%	\$34.70

*These estimates are derived from standard mortality tables using a participant with a 65 year old spouse beneficiary beginning payments at age 65. To determine the survivor annuity percentage, contact the plan administrator.

II. ANNUITY CONTRACT

If the plan is a REA safe harbor plan, or the Qualified Joint and Survivor Annuity is properly waived, you may purchase an annuity contract with your vested account balance. This distribution option allows you to choose the type of annuity contract you wish to purchase. However, if the plan is a REA safe harbor plan, you cannot elect payments in the form of a life annuity.

A. Annuity Contract Defined

You may use your vested account balance to purchase a term certain annuity, a single life annuity (not available for REA safe harbor plans) or any other form of annuity. A term certain annuity would distribute dollars to you and your beneficiary for a specified number of years. A single life annuity would distribute dollars to you for your lifetime and would cease distributions after your death.

B. Financial Effect and Tax Consequences of the Annuity

If you elect to use your vested account balance to purchase a single life annuity, you will receive payments as long as you are alive. For example, a participant who is age 65 with a \$10,000 vested account balance will receive \$76.60 per month while he or she is alive.

III. LUMP SUM PAYMENT

If you properly waive the Qualified Joint and Survivor Annuity or if this is a REA safe harbor plan and no existing plan assets are subject to the REA annuity requirements, you may request a single sum payment.

A. Lump Sum Payment Defined

A Lump Sum Payment is the payment of your entire vested account balance.

B. Financial Effect and Tax Consequences of a Lump Sum Payment

Generally a Lump Sum Payment is included in your income and taxed in the year of the distribution. Most Lump Sum Payments are eligible rollover distributions and would, therefore, be subject to the 20 percent withholding rules unless directly rolled over to another plan or Traditional IRA. See Part Three, "Special Tax Notice Regarding Plan Payments" for more information.

IV. INSTALLMENT PAYMENTS

If the Qualified Joint and Survivor Annuity is properly waived or if this is a REA safe harbor plan, you may elect to receive your vested account balance in installment payments. Installment payments for a period of less than 10 years are generally eligible rollover distributions and would, therefore, be subject to the 20 percent withholding rules unless directly rolled over to another plan or Traditional IRA. See Part Three, "Special Tax Notice Regarding Plan Payments" for more information.

A. Installment Payments Defined

Installment payments are payments distributed to you in any amount you choose at intervals that you determine within limits set by the trustee or custodian. For example, the payments could be paid to you annually, semiannually, quarterly, or monthly. The payment schedule you choose cannot be longer than your single life expectancy or, if you have a beneficiary named, the joint life expectancy of you and your beneficiary.

B. Financial Effect and Tax Consequences of Installment Payments

Generally, each installment payment will be included in your income in the year in which you receive it. For example, a participant who elects to receive \$500 per month will include \$6,000 (\$500 x 12 months) in income each tax year.

PART TWO — PAYMENT OPTIONS FOR BENEFICIARIES OF DECEASED PLAN PARTICIPANTS**IMPORTANT
NOTICE TO
BENEFICIARY**

If you are the designated beneficiary of a deceased participant's vested account balance, you are eligible to receive a distribution. The form of the benefit depends on several factors including the type of plan and the amount in the participant's account.

I. PARTICIPANT'S ACCOUNT BALANCE

Regardless of any other issue, if the participant's vested account balance was \$5,000 or less, the plan administrator is required to pay your distribution to you in a Lump Sum Payment. If the participant's account balance exceeded \$5,000, you must consent to the form of payment.

II. TYPE OF PLAN

NOTE: THE PLAN ADMINISTRATOR CAN TELL YOU WHICH TYPE OF PLAN THIS IS.

A. REA Safe Harbor Plans (Profit Sharing or 401(k) Plans only)

You may select either Option III or IV listed above. However, if you select the installment payment method described in Option IV, the payment schedule you choose cannot be longer than your life single expectancy.

B. All other plans

If the plan participant died before distributions commenced and you are a spouse beneficiary, distributions from the plan must be paid to you (if applicable) in the form of a qualified preretirement survivor annuity, unless the annuity requirement was properly waived. A participant waives the annuity requirement by completing a "Designation of Beneficiary" form and obtaining your written consent to the waiver. If the participant did not execute the required waivers, then his or her account balance will be paid to you (the deceased participant's spouse) in the form of a preretirement survivor annuity unless the plan specifically permits you to elect to receive payments in a form other than a qualified preretirement survivor annuity. If you are a nonspouse beneficiary of a deceased participant who was married, you will not receive any payment from the plan unless the participant properly waived the requirement that his or her spouse be the beneficiary.

If the qualified preretirement survivor annuity was properly waived by the participant and/or his or her spouse (if applicable), then you may receive the entire vested account balance in a Lump Sum Payment as explained in Part One, Option III, of this notice. The rollover option described below is available only if you are the spouse of the deceased participant. The other distribution option available to you as a beneficiary is explained in Part One, Option IV, "Installment Payments." However, the payment schedule you choose cannot be longer than your single life expectancy.

PART THREE — SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

SUMMARY *This notice explains how you can continue to defer federal income tax on your retirement savings, and contains important information you will need before you decide how to receive your plan benefits.*

NOTE: Your employer has received an IRS opinion letter that this plan is qualified.

This notice is provided to you by your plan administrator because all or part of the payment that you will soon receive from the plan may be eligible for rollover by you or your plan administrator to a Traditional IRA or an eligible employer plan. A rollover is a payment by you or the plan administrator of all or part of your benefit to another plan or IRA that allows you to continue to postpone taxation of that benefit until it is paid to you. Your payment cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account (formerly known as an Education IRA). An "eligible employer plan" includes a plan qualified under Section 401(a) of the Internal Revenue Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; an annuity plan described under Section 403(a) of the Code; a tax-sheltered annuity described under Section 403(b) of the Code; and a deferred compensation plan, described under Section 457(b) of the Code, maintained by a governmental employer (governmental 457(b) plan).

An eligible employer plan is not legally required to accept a rollover. Before you decide to roll over your payment to another employer plan, you should find out whether the plan accepts rollovers and, if so, the types of distributions it accepts as a rollover. You should also find out about any documents that are required to be completed before the receiving plan will accept a rollover. Even if a plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts. If this is the case, and your distribution includes after-tax amounts, you may wish instead to roll your distribution over to a Traditional IRA or split your rollover amount between the employer plan in which you will participate and a Traditional IRA. If an employer plan accepts your rollover, the plan may restrict subsequent distributions of the rollover amount or may require your spouse's consent for any subsequent distribution. A subsequent distribution from the plan that accepts your rollover may also be subject to different tax

treatment than distributions from this plan. Check with the administrator of the plan that is to receive your rollover prior to making the rollover.

If you have additional questions after reading this notice, you may contact your plan administrator.

There are two ways you may be able to receive a plan payment that is eligible for rollover: (1) certain payments can be made directly to a Traditional IRA that you establish or to an eligible employer plan that will accept it and hold it for your benefit ("direct rollover"); or (2) the payment can be paid to you.

If you choose a direct rollover the following will result.

- Your payment will not be taxed in the current year and no income tax will be withheld.
- You choose whether your payment will be made directly to your Traditional IRA or to an eligible employer plan that accepts your rollover. Your payment cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account because these are not Traditional IRAs.
- The taxable portion of your payment will be taxed later when you take it out of the Traditional IRA or the eligible employer plan. Depending on the type of plan, the subsequent distribution may be subject to different tax treatment than it would be if you received a taxable distribution from this plan.

If you choose to have a plan payment that is eligible for rollover paid to you, the following will result.

- You will receive only 80 percent of the taxable amount of the payment, because the plan administrator is required to withhold 20 percent of that amount and send it to the IRS as income tax withholding to be credited against your taxes.
- The taxable amount of your payment will be taxed in the current year unless you roll it over. Under limited circumstances, you may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59½, you also may have to pay an additional 10 percent tax.
- You can roll over the payment by paying it to your Traditional IRA or to an eligible employer plan that accepts your rollover within 60 days after you receive the payment. The amount rolled over will not be taxed until you take it out of the Traditional IRA or the eligible employer plan.
- If you want to roll over 100 percent of the payment to a Traditional IRA or an eligible employer plan, *you must find other money to replace the 20 percent of the taxable portion that was withheld*. If you roll over only the 80 percent that you received, you will be taxed on the 20 percent that was withheld and that is not rolled over.

MORE INFORMATION

I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER

Payments from the plan may be "eligible rollover distributions." This means that they can be rolled over to a Traditional IRA or an eligible employer plan that accepts rollovers. Payments from a plan cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account. Your plan administrator should be able to tell you what portion of your payment is an eligible rollover distribution.

A. AFTER-TAX CONTRIBUTIONS

If you made after-tax contributions to the plan, these contributions may be rolled into either a Traditional IRA or to certain employer plans that accept rollovers of after-tax contributions. The following rules apply.

1. **Rollover into a Traditional IRA.** You can roll over your after-tax contributions to a Traditional IRA either directly or indirectly. Your plan administrator should be able to tell you how much of your payment is taxable and how much is after-tax.

If you roll over after-tax contributions to a Traditional IRA, it is your responsibility to keep track of, and report to the IRS on the applicable forms, the amount of these after-tax contributions. This will enable the nontaxable amount of any future distributions from the Traditional IRA to be determined.

Once you roll over your after-tax contributions to a Traditional IRA, those amounts CANNOT later be rolled over to an employer plan.

2. **Rollover into an Employer Plan.** You can roll over after-tax contributions from an eligible employer plan that is qualified under Section 401(a) or 403(a) of the Code to another such plan using a direct rollover if the plan receiving the rollover provides separate accounting for such amounts, including separate accounting for the after-tax contributions and earnings on those contributions. You CANNOT roll over such after-tax contributions to a governmental 457(b) plan. If you want to roll over your after-tax contributions to an employer plan that accepts such rollovers, you cannot have the after-tax contributions paid to you first. You must instruct the plan administrator of this plan to make a direct rollover on your behalf. Also, you cannot first roll over after-tax contributions to a Traditional IRA and then roll over such contributions into an eligible employer plan.

- B. The following are types of payments that cannot be rolled over.

PAYMENTS SPREAD OVER LONG PERIODS

You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for.

- your lifetime (or a period measured by your life expectancy), or
- your lifetime and your beneficiary's lifetime (or a period measured by your joint life expectancies), or
- a period of ten years or more.

REQUIRED MINIMUM PAYMENTS

Beginning when you reach age 70½ or retire, whichever is later, a certain portion of your payment cannot be rolled over because it is a "required minimum payment" that must be paid to you. Special rules apply if you own more than five percent of your employer.

HARDSHIP DISTRIBUTIONS

A hardship distribution cannot be rolled over.

ESOP DIVIDENDS

Cash dividends paid to you on employer stock held in an employee stock ownership plan cannot be rolled over.

CORRECTIVE DISTRIBUTIONS

A distribution that is made to correct a failed nondiscrimination test or because legal limits on certain contributions were exceeded cannot be rolled over.

LOANS TREATED AS DISTRIBUTIONS

The amount of a plan loan that becomes a taxable deemed distribution because of a default cannot be rolled over. However, a loan offset amount is eligible for rollover, as discussed in Part III below. Ask the plan administrator of this plan if distribution of your loan qualifies for rollover treatment.

The plan administrator of this plan should be able to tell you if your payment includes amounts which cannot be rolled over.

II. DIRECT ROLLOVER

A direct rollover is a direct payment of the amount of your plan benefits to a Traditional IRA or an eligible employer plan that will accept it. You can choose a direct rollover of all or any portion of your payment that is an eligible rollover distribution, as described in Part I above. You are not taxed on any taxable portion of your payment for which you choose a direct rollover until you later take it out of the Traditional IRA or eligible employer plan. In addition, no income tax withholding is required for any portion of your plan benefits for which you choose a direct rollover. This plan might not let you choose a direct rollover if your distributions for the year are less than \$200.

A. DIRECT ROLLOVER TO A TRADITIONAL IRA

You can open a Traditional IRA to receive the direct rollover. If you choose to have your payment made directly to a Traditional IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a direct rollover to a Traditional IRA at that institution. If you are unsure of how to invest your money, you can temporarily establish a Traditional IRA to receive the payment. However, in choosing a Traditional IRA, you may wish to make sure that the Traditional IRA you choose will allow you to move all or a part of your payment to another Traditional IRA at a later date, without penalties or other limitations. See IRS Publication 590, *Individual Retirement Arrangements*, for more information on Traditional IRAs (including limits on how often you can roll over between IRAs).

B. DIRECT ROLLOVER TO A PLAN

If you are employed by a new employer that has an eligible employer plan, and you want a payment from your previous employer's plan directly rolled over to your new employer's plan, ask the plan administrator of that plan whether it will accept your rollover. An eligible employer plan is not legally required to accept a rollover. Even if your new employer's plan does not accept a rollover, you can choose a direct rollover to a Traditional IRA. If your new employer's plan accepts your rollover, the plan may provide restrictions on the circumstances under which you may later receive a distribution of the rollover amount or may require spousal consent to any subsequent distribution. Check with the plan administrator of the receiving plan before making your decision.

C. DIRECT ROLLOVER OF A SERIES OF PAYMENTS

If you receive a payment that can be rolled over to a Traditional IRA or an eligible employer plan, and it is paid in a series of payments for less than ten years, your choice to make or not make a direct rollover of the first payment will apply to all later payments in the series until you change your election. You are free to change your election for any later payment in the series.

D. CHANGE IN TAX TREATMENT RESULTING FROM A DIRECT ROLLOVER

The tax treatment of any payment from the eligible employer plan or Traditional IRA receiving your direct rollover might be different than if you received your benefit in a taxable distribution directly from the plan. For example, if you were born before January 1, 1936, you might be entitled to ten-year averaging or capital gain treatment, as explained below. However, if you have your benefit rolled over to a tax-sheltered annuity described under Section 403(b) of the Code, a deferred compensation plan described under Section 457(b) of the Code, or a Traditional IRA in a direct rollover, your benefit will no longer be eligible for that special treatment. See the sections below entitled "Additional 10 percent Tax If You Are Under Age 59½" and "Special Tax Treatment If You Were Born Before January 1, 1936."

III. PAYMENT PAID TO YOU

If your payment can be rolled over (see Part I above) and the payment is made to you in cash, it is subject to 20 percent federal income tax withholding on the taxable portion (state tax withholding may also apply). The

payment is taxed in the year you receive it unless, within 60 days, you roll it over to a Traditional IRA or an eligible employer plan. If you do not roll it over, special tax rules may apply.

A. INCOME TAX WITHHOLDING

1. Mandatory Withholding

If any portion of your payment can be rolled over under Part I above and you do not elect to make a direct rollover, the plan is required by law to withhold 20 percent of the taxable amount. This amount is sent to the IRS as income tax withholding. For example, if you can roll over a taxable payment of \$10,000, only \$8,000 will be paid to you because the plan must withhold \$2,000 as income tax. However, when you prepare your income tax return for the year, unless you make a rollover within 60 days (see "Sixty-Day Rollover Option" below) you must report the full \$10,000 as a payment from the plan. You must report the \$2,000 as tax withheld, and it will be credited against any income tax you owe for the year. There will be no income tax withholding if your payments for the year are less than \$200.

2. Voluntary Withholding

If any portion of your payment is taxable but cannot be rolled over under Part I above, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. If you do nothing, an amount will be taken out of this portion of your payment for federal income tax withholding. To elect out of withholding, ask the plan administrator for the election form and related information.

3. Sixty-Day Rollover Option

If you receive a payment that can be rolled over under Part I above, you can still decide to roll over all or part of it to a Traditional IRA or an eligible employer plan. If you decide to roll over, *you must contribute the amount of the payment you received to a Traditional IRA or eligible employer plan within 60 days after you receive the payment.* The portion of your payment that is rolled over will not be taxed until you take it out of the Traditional IRA or the eligible employer plan.

You can roll over up to 100 percent of your payment that can be rolled over under Part I above, including an amount equal to the 20 percent of the taxable portion that was withheld. If you choose to roll over 100 percent, you must find other money within the 60-day period to contribute to the Traditional IRA or the eligible employer plan, to replace the 20 percent that was withheld. On the other hand, if you roll over only the 80 percent of the taxable portion that you received, you will be taxed on the 20 percent that was withheld.

Example: The taxable portion of your payment that can be rolled over under Part I above is \$10,000, and you choose to have it paid to you. You will receive \$8,000, and \$2,000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the \$8,000, you may roll over the entire \$10,000 to a Traditional IRA or eligible employer plan. To do this, you roll over the \$8,000 you received from the plan, and you will have to find \$2,000 from other sources (your savings, a loan, etc.). In this case, the entire \$10,000 is not taxed until you take it out of the Traditional IRA or an eligible employer plan. If you roll over the entire \$10,000, when you file your income tax return you may get a refund of part or all of the \$2,000 withheld.

If, on the other hand, you roll over only \$8,000, the \$2,000 you did not roll over is taxed in the year it was withheld. When you file your income tax return you may get a refund of part of the \$2,000 withheld. (However, any refund is likely to be larger if you roll over the entire \$10,000.)

B. ADDITIONAL 10 PERCENT TAX IF YOU ARE UNDER AGE 59½

If you receive a payment before you reach age 59½ and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10 percent of the taxable portion of the payment. The additional 10 percent tax generally does not apply to (1) payments that are paid after you separate from service with your employer during or after the year you reach age 55, (2) payments that are paid because you retire due to disability, (3) payments that are paid as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies), (4) dividends paid with respect to stock by an employee stock ownership plan (ESOP) as described in Section 404(k) of the Code, (5) payments that are paid directly to the government to satisfy a federal tax levy, (6) payments that are paid to an alternate payee under a qualified domestic relations order, or (7) payments that do not exceed the amount of your deductible medical expenses. See IRS Form 5329 for more information on the additional 10 percent tax.

The additional 10 percent tax will not apply to distributions from a governmental 457(b) plan, except to the extent the distribution is attributable to an amount you rolled over to that plan (adjusted for investment returns) from another type of eligible employer plan or IRA. Any amount rolled over from a governmental 457(b) plan to another type of eligible employer plan or to a Traditional IRA will become subject to the additional 10 percent tax if it is distributed to you before you reach age 59½, unless one of the exceptions applies.

C. SPECIAL TAX TREATMENT IF YOU WERE BORN BEFORE JANUARY 1, 1936

If you receive a payment that can be rolled over under Part I and you do not roll it over to a Traditional IRA or an eligible employer plan, the payment will be taxed in the year you receive it. However, if the payment qualifies as a "lump sum distribution," it may be eligible for special tax treatment. (See also

"Employer Stock or Securities" below.) A lump sum distribution is a payment, within one year, of your entire balance under the plan (and certain other similar plans of the employer) that is payable to you after you have reached age 59½ or because you have separated from service with your employer (or, in the case of a self-employed individual, after you have reached age 59½ or have become disabled). For a payment to be treated as a lump sum distribution, you must have been a participant in the plan for at least five years before the year in which you received the distribution. The special tax treatment for lump sum distributions that may be available to you is described below.

1. Ten-Year Averaging

If you receive a lump sum distribution and you were born before January 1, 1936, you can make a one-time election to figure the tax on the payment by using "10-year averaging" (using 1986 tax rates). Ten-year averaging often reduces the tax you owe.

2. Capital Gain Treatment

If you receive a lump sum distribution and you were born before January 1, 1936, and if you were a participant in the plan before 1974, you may elect to have the part of your payment that is attributable to your pre-1974 participation in the plan taxed as long-term capital gain at a rate of 20 percent.

There are other limits on the special tax treatment for lump sum distributions. For example, you can generally elect this special tax treatment only once in your lifetime, and the election applies to all lump sum distributions that you receive in that same year. You may not elect this special tax treatment if you rolled amounts into this plan from a 403(b) tax-sheltered annuity contract or from an IRA not originally attributable to a qualified employer plan. If you have previously rolled over a distribution from a governmental 457 plan (or certain other similar plans of the employer), you cannot use this special averaging treatment for later payments from this plan. If you roll over your payment to a Traditional IRA, a tax-sheltered annuity described under Section 403(b) of the Code, or a governmental 457(b) plan, you will not be able to use special tax treatment for later payments from that IRA, plan, or annuity. Also, if you roll over only a portion of your payment to a Traditional IRA, a tax-sheltered annuity, described under Section 403(b) of the Code, or a governmental 457(b) plan, this special tax treatment is not available for the rest of the payment. See IRS Form 4972 for additional information on lump sum distributions and how you elect the special tax treatment.

D. EMPLOYER STOCK OR SECURITIES

There is a special rule for a payment from the plan that includes employer stock (or other employer securities). To use this special rule, 1) the payment must qualify as a lump sum distribution, as described above, except that you do not need five years of plan participation, or 2) the employer stock included in the payment must be attributable to "after-tax" employee contributions, if any. Under this special rule, you may have the option of not paying tax on the "net unrealized appreciation" of the stock until you sell the stock. Net unrealized appreciation generally is the increase in the value of the employer stock while it was held by the plan. For example, if employer stock was contributed to your plan account when the stock was worth \$1,000 but the stock was worth \$1,200 when you received it, you would not have to pay tax on the \$200 increase in value until you later sold the stock.

You may instead elect not to have the special rule apply to the net unrealized appreciation. In this case, your net unrealized appreciation will be taxed in the year you receive the stock, unless you roll over the stock. The stock can be rolled over to a Traditional IRA or another eligible employer plan, either in a direct rollover or a rollover that you make yourself. Generally, you will no longer be able to use the special rule for net unrealized appreciation if you roll the stock over to a Traditional IRA or another eligible employer plan.

If you receive only employer stock in a payment that can be rolled over, no amount will be withheld from the payment. If you receive cash or property other than employer stock, as well as employer stock, in a payment that can be rolled over, the 20 percent withholding amount will be based on the entire taxable amount paid to you (including the employer stock determined by excluding the net unrealized appreciation). However, the amount withheld will be limited to the cash or property (excluding employer stock) paid to you.

If you receive employer stock in a payment that qualifies as a lump sum distribution, the special tax treatment for lump sum distributions described above (such as 10-year averaging) also may apply. See IRS Form 4972 for additional information on these rules.

E. REPAYMENT OF PLAN LOANS

If your employment ends and you have an outstanding loan from the plan, your employer may reduce (or "offset") your balance in the plan by the amount of the loan you have not repaid. The amount of your loan offset is treated as a distribution to you at the time of the offset and will be taxed unless you roll over an amount equal to the amount of your loan offset to another qualified employer plan or a Traditional IRA within 60 days of the date of the offset. If the amount of your loan offset is the only amount you receive or are treated as having received, no amount will be withheld from it. If you receive other payments of cash or property from the plan, the 20 percent withholding amount will be based on the entire taxable amount paid to you, including the amount of the loan offset. The amount withheld will be limited to the amount of other cash or property paid to you (other than any employer securities). The amount of a defaulted plan loan that is a taxable deemed distribution cannot be rolled over.

IV. SURVIVING SPOUSES, ALTERNATE PAYEES, AND OTHER BENEFICIARIES

In general, the rules summarized above that apply to payments to employees also apply to payments to surviving spouses of employees and to spouses or former spouses who are "alternate payees." You are an alternate payee if your interest in the plan results from a "qualified domestic relations order," which is an order issued by a court, usually in connection with a divorce or legal separation.

If you are a surviving spouse or an alternate payee, you may choose to have a payment that can be rolled over, as described in Part I above, paid in a direct rollover to a Traditional IRA or to an eligible employer plan, or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to a Traditional IRA or to an eligible employer plan. Thus, you have the same choices as the employee.

If you are a beneficiary other than a surviving spouse or an alternate payee, you cannot choose a direct rollover, and you cannot roll over the payment yourself.

If you are a surviving spouse, an alternate payee, or another beneficiary, your payment is generally not subject to the additional 10 percent tax described in Part Three Section III above, even if you are younger than age 59½.

If you are a surviving spouse, an alternate payee, or another beneficiary, you may be able to use the special tax treatment for lump sum distributions and the special rule for payments that include employer stock, as described in Part Three Section III above. If you receive a payment because of the employee's death, you may be able to treat the payment as a lump sum distribution if the employee met the appropriate age requirements, whether or not the employee had five years of participation in the plan.

HOW TO OBTAIN ADDITIONAL INFORMATION

This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult with the plan administrator or a professional tax advisor before you take a payment of your benefits from the plan. Also, you can find more specific information on the tax treatment of payments from qualified employer plans in IRS Publication 575, *Pension and Annuity Income*, and IRS Publication 590, *Individual Retirement Arrangements*. These publications are available from your local IRS office, on the IRS's Internet Web Site at www.irs.gov, or by calling 1-800-TAX-FORM.

Qualified AUTOMATIC ROLLOVER NOTICE

Retirement Plan

The purpose of this notice is to provide you with information relating to the automatic rollover provisions applicable to your employer's retirement plan. This notice supplements any other distribution forms that have been or will be provided to you.

PLAN INFORMATION

Employer Name _____
Plan Name _____
Plan Sequence Number 001 _____ Plan Year End (month/day) _____
Plan ID Number _____

ROLLOVER PROVISIONS

You may generally request a distribution from your employer's retirement plan when you terminate employment. You may request to have your distribution either: (1) paid to you, or (2) directly rolled over to a Traditional individual retirement account (IRA). This election can be made on the distribution form(s) that are provided to you by your plan administrator. In addition, the plan provides that if you fail to request a distribution and your vested account balance (or, in the case of a defined benefit plan, the actuarial value of your accrued benefit) does not exceed the plan's cashout level, a distribution will be made from the plan without your consent. A distribution made to you without your consent must generally be directly rolled over to an IRA with an IRA provider selected by the plan administrator. However, you may subsequently transfer your IRA to an IRA at a different financial organization.

In the event of a direct rollover without your consent, the plan administrator will roll over your distribution to:

Name of IRA Provider _____
Address _____
City _____ State _____ ZIP _____
Telephone Number _____

Refer to your Summary Plan Description for more information concerning the plan's provisions governing cashout distributions and for an explanation of the investment product selected for the rollover funds, a statement regarding the fees and expenses associated with the IRA, and the identity of the person you may contact if you have additional questions.

NOTE: *If your employer is (or an affiliate of your employer) also listed as the IRA Provider, the investment product selected for the rollover funds may be the employer's (or affiliate's) own proprietary investment. However, you may, without penalty, transfer your IRA balance to a different investment offered by the IRA Provider or to an IRA at a different financial organization.*

For example, if you are employed by ABC financial organization, participate in ABC's retirement plan, and your account balance in ABC's plan is subject to the automatic rollover rules, a fiduciary of ABC's plan may select an ABC IRA to accept the automatic rollover.

EMPLOYEE INFORMATION

The entire package of information located in the "Employee Information" tab should be presented to each employee of the Corporation and any other employees that you may be required to offer participation. Upon hiring a new employee please make a copy of the package in its entirety and present the package to the new employee. Below is additional information regarding what is included in the package:

Summary Plan Description and Supporting Amendments:

The 401(k) Plan is operated according to a complex legal document called the Basic Plan Document. The Summary Plan Description and its supporting amendments provide a much simpler explanation and summary of the important features of the Basic Plan Document.

Summary of Material Modifications (SMM) to Summary Plan Description (SPD) Regarding:

EGTRRA: This document is an update and addendum to the 401(k) Summary Plan Description to address the EGTRRA amendments.

Automatic Rollovers: This document is an additional update and addendum to the 401(k) Summary Plan Description to address the automatic rollover amendments.

Final 401(k) and 401(m) Regulations: This document is an additional update and addendum to the 401(k) Summary Plan Description to address the Final 401(k) and 401(m) Regulations.

Roth 401(k) (if you have elected to adopt this optional amendment): This document is an additional update and addendum to the 401(k) Summary Plan Description to address the Roth 401(k) amendment.

Funding Policy Statement

A Funding Policy Statement must be completed by every employee of the plan. The statement provides guidelines for investment of the plan's assets.

Employee Information Sheet:

The Employee Information Sheet must be maintained with the Summary Plan Description and presented to each employee. The Employee Information Sheet outlines each participant's responsibility for the investment performance of the employee's retirement account if the employee should elect to enroll in the plan.

Summary Plan Description

Prepared for

EduCare Learning Group, Inc.

Introduction

Effective 11/21/2007, EduCare Learning Group, Inc. has adopted the EduCare Learning Group, Inc. 401(k) Plan designed to help you meet your financial needs during your retirement years. The plan sequence number, which identifies the number of qualified plans EduCare Learning Group, Inc. currently maintains or has previously maintained, is 001.

To become a Participant in the Plan, you must meet the Plan's eligibility requirements. Once you become a Participant, EduCare Learning Group, Inc. will maintain an Individual Account for you. Each Plan Year, your account will be adjusted to reflect contributions, gains, losses, etc. The percentage of your account to which you will be entitled when you terminate employment depends on the Plan's vesting schedule. These features are explained further in the following pages.

The actual Plan is a complex legal document that has been written in the manner required by the Internal Revenue Service (IRS) and is referred to as the Basic Plan Document. This document is called a Summary Plan Description (SPD) and explains and summarizes the important features of the Basic Plan Document. EduCare Learning Group, Inc. may make contributions to this Plan. In addition, you may be able to elect to reduce your annual taxable income by deferring a portion of your Compensation into the Plan as Elective Deferrals. You should consult the Basic Plan Document for technical and detailed Plan provisions. The Basic Plan Document, and not this SPD, controls the legal operation of the Plan.

If at any time you have specific questions about the Plan as it applies to you, please bring them to the attention of the Plan Administrator whose address and telephone number appears in Section One of this SPD. You may also examine the Basic Plan Document itself at a reasonable time by making arrangements with the Plan Administrator.

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SECTION ONE: DEFINITIONS

The following definitions are used in the text of this SPD. These words and phrases are capitalized throughout the SPD for ease of reference.

Compensation - means the earnings paid to you by EduCare Learning Group, Inc. that are taken into account for purposes of the Plan.

Employee - means any person employed by EduCare Learning Group, Inc.

Elective Deferrals - means the dollars you put into the Plan through before-tax payroll deductions.

Employer - means EduCare Learning Group, Inc., the sole proprietorship, partnership, corporation, or other entity maintaining this Plan.

Individual Account - means the contribution account established and maintained for you which is made up of all contributions made by you or on your behalf.

Matching Contribution - means a contribution made by EduCare Learning Group, Inc. to the 401(k) Plan on your behalf based upon your Elective Deferrals and/or your Nondeductible Employee Contributions.

Participant - means an Employee who has met the eligibility requirements, has entered the Plan, and has become eligible to make or receive a contribution to his or her Individual Account.

Salary Reduction Agreement - means the agreement you sign to authorize EduCare Learning Group, Inc. to deduct your Elective Deferrals from your Compensation and put them into the 401(k) Plan.

Plan - means the specific retirement plan EduCare Learning Group, Inc. has set up. The Plan is governed by a legal document containing various technical and detailed provisions. The Plan Administrator has a copy of the Plan document.

Plan Administrator - The Plan Administrator is responsible for directly administering the Plan. EduCare Learning Group, Inc. is the Plan Administrator of this Plan and is therefore responsible for the day-to-day administration and management of the Plan. To ensure efficient and sound operation and management of the Plan, EduCare Learning Group, Inc. has the discretionary authority to appoint other persons as may be necessary to act on its behalf or assist in performing these responsibilities. The address and phone number of EduCare Learning Group, Inc. is listed below.

EduCare Learning Group, Inc.
506 Limona Road
Brandon, FL 33510
813.966.5453

Plan Year - means the 12-month period ending on December 31st.

Profit Sharing Contribution - means the amount contributed to the Plan on your behalf by EduCare Learning Group, Inc.

SECTION TWO: ELIGIBILITY AND PARTICIPATION

ELIGIBLE CLASSES OF EMPLOYEES

You will generally be allowed to become a Participant in the Plan after having satisfied the age and service requirements and entered the Plan. Even if you satisfy the eligibility criteria, however, you are not eligible to become a Participant in the Plan if you

- are covered by a collective bargaining agreement (e.g. union agreement) unless the agreement requires you to be eligible
- are a nonresident alien and receive no earned income from EduCare Learning Group, Inc. within the United States
- became an Employee as the result of an acquisition, merger or similar transaction. You will be excluded only for the transition period.

AGE AND SERVICE REQUIREMENTS

Elective Deferrals

You will become eligible to enter the Plan and begin making Elective Deferrals after you have completed 1 year of service for EduCare Learning Group, Inc. and attained the age of 21.

Matching Contributions

You will become eligible to enter the Plan and receive Matching Contributions after you have performed 1 year(s) of service for EduCare Learning Group, Inc. and attained the age of 21.

Profit Sharing Contributions

You will become eligible to enter the Plan and receive Profit Sharing Contributions after you have performed 1 year(s) of service for EduCare Learning Group, Inc. and attained the age of 21.

You will be credited with a year of service for eligibility purposes if you work 1000 or more hours during the year.

HOW HOURS OF SERVICE ARE COUNTED

Your hours of service are generally counted on the basis of the actual number of hours you work or for which you are entitled to Compensation.

WHEN YOU MAY PARTICIPATE IN THE PLAN

After you have met the eligibility requirements, you will become a Participant in the Plan on the applicable entry date(s). EduCare Learning Group, Inc. has designated First day of the next scheduled payroll period. as the entry date(s) for this Plan.

You will continue to participate in the Plan as long as you do not incur a break in service. A break in service is a 12 consecutive month period during which you fail to work in excess of 500 hours. However, no break in service will occur if the reason you did not work more than the required number of hours was because of certain absences due to birth, pregnancy or adoption of children, military service or other service during a national emergency during which your re-employment under a federal or state law is protected and you do, in fact, return to work within the time required by law.

SECTION THREE: PLAN FUNDING AND ADMINISTRATION

PLAN CONTRIBUTION SOURCES, ALLOCATIONS AND LIMITATIONS

Elective Deferrals

You may make before-tax contributions to the Plan through payroll deduction. Such contributions are called Elective Deferrals.

To begin making Elective Deferrals, you must complete and sign a Salary Reduction Agreement. Once you become eligible to participate in the Plan, EduCare Learning Group, Inc. will provide you with such form.

For example, assume your Compensation is \$15,000. You wish to make an Employee 401(k) Contribution to the Plan and sign a Salary Reduction Agreement authorizing an Employee 401(k) Contribution of 5% of your Compensation. As a result, EduCare Learning Group, Inc. will pay you \$14,250 as gross taxable income and will deposit your 5% Employee 401(k) Contribution (i.e., \$750) into the Plan for you.

Limits on Elective Deferrals

Federal tax laws and plan documents govern the amount of Elective Deferrals that you may make. Specifically, federal law places two annual limits on the amount you may defer into a 401(k) plan - an individual limit and an average limit.

Individual Limit

Federal tax law limits the amount you can put into the Plan during each of your tax years (generally, a calendar year) to \$15,500 (for 2007). This amount is indexed periodically for changes in the cost-of-living index. See your Plan Administrator for the current year's limit. This limit applies to all Elective Deferrals you make during your tax year to any deferral plans maintained by your present or former employers.

If you defer more than you are allowed, you must submit in writing for the return of the excess to EduCare Learning Group, Inc. no later than March 1.

The excess amount and any earnings you may have received on the excess must be taken out of the Plan by April 15 of the year following the year the money went into the Plan. The excess amounts will be reported on Form 1099-R and will be taxable income for the year in which you put the excess into the Plan. Earnings on the excess amount will be taxable in the year distributed.

Average Limits

Tax law defines a group of an employer's employees known as highly compensated employees. Highly compensated employees making Elective Deferrals are limited in the percent of their Compensation that they defer based on the average percent of Compensation deferred by the non-highly compensated group of employees during either the current or prior Plan Year. If these limits apply to you, EduCare Learning Group, Inc. will give you additional information about them.

Plan Specific Limitations

Upon completion of a Salary Reduction Agreement, your Compensation will be reduced each pay period by the percent you specify. EduCare Learning Group, Inc. permits you to defer a percentage of your Compensation from 1% to 100% in increments of 1% each Plan Year.

To change the amount of your Elective Deferrals, you must complete and sign a revised Salary Reduction Agreement and return it to EduCare Learning Group, Inc. at least 30 days before the change will take effect or a lesser number of days if EduCare Learning Group, Inc. permits. You may change your Salary Reduction Agreement as of the first day of the Plan Year and the first day of the seventh month of the Plan Year, and any additional dates determined by EduCare Learning Group, Inc.

To discontinue making Elective Deferrals, you must complete and sign a revised Salary Reduction Agreement and return it to EduCare Learning Group, Inc. at least 30 days before the change will take effect or a lesser number of days if EduCare Learning Group, Inc. permits.

If you stop making deferrals, you must wait until the first day of the Plan Year or the first day of the seventh month before you may begin making Elective Deferrals again. EduCare Learning Group, Inc. may establish uniform and nondiscriminatory rules that would allow you to resume making Elective Deferrals sooner.

Instead of, or in addition to, making Elective Deferrals each pay period through payroll deduction, you may make Elective Deferrals by deferring into the Plan all or part of any cash bonuses you may receive during the Plan Year.

Matching Contributions

Individual Limits

Matching Contributions are Employer Contributions that are contributed to the Plan based on your Elective Deferrals. Effective 11/21/2007 (or the date you begin participating in the Plan, if later), EduCare Learning Group, Inc. may make Matching Contributions to the Plan equal to a percentage of your Elective Deferrals which EduCare Learning Group, Inc. will determine each year.

However, Matching Contributions will not be made with respect to your contributions in excess of 25% of your Compensation.

To share in the Matching Contribution, you must be a Participant in the Plan on at least one day of the Plan Year and make Elective Deferrals.

There is no minimum hours of service required if you are employed on the last day of the Plan Year. However, you must perform at least 500 hours of service during the Plan Year in order to receive a Matching Contribution if you separate from service before the end of the Plan Year.

Tax law defines a group of an employer's employees known as highly compensated employees. Highly compensated employees receiving Matching Contributions are limited in the amount of Matching Contributions which they may receive based on the average Matching Contribution (as a percent of Compensation) received by the non-highly compensated group of employees during either the current or prior Plan Year. If these limits apply to you, EduCare Learning Group, Inc. can give you additional information about them.

Profit Sharing Contributions

Each year, the managing body of EduCare Learning Group, Inc. will determine the amount, if any, which it will contribute to the Plan.

To share in Profit Sharing Contributions, you must be a Participant in the Plan on at least one day of the Plan Year.

If you satisfy the requirements and are entitled to a Profit Sharing Contribution, you will receive a pro rata allocation based on your Compensation in relation to the Compensation of all Participants entitled to Profit Sharing Contributions.

For example, assume you are one of 10 Participants in the Plan and your Compensation is \$10,000. Assume further that the Compensation of all Participants when added together equals \$100,000. The ratio of your Compensation (\$10,000) to that of all Participants (\$100,000) is 1/10. Therefore, 1/10 of the contribution made by your Employer to the Plan will be allocated to your account.

Qualified Nonelective Contributions (QNECs) and Qualified Matching Contributions (QMACs)

QNECs and QMACs may be made by EduCare Learning Group, Inc. to satisfy special nondiscrimination rules that apply to the Plan. These contributions are fully vested when made and are subject to the same restrictions on withdrawals applicable to Elective Deferrals.

Rollover and Transfer Contributions

EduCare Learning Group, Inc. allows you to make rollover contributions, regardless of whether you have become a Participant in the Plan, unless you are part of an excluded class of Employees. You are 100% vested in your rollover contributions at all times and may withdraw them from the Plan at any time.

EduCare Learning Group, Inc. allows you to make transfer contributions, regardless of whether you have become a Participant in the Plan unless you are part of an excluded class of Employees. You are 100% vested in your transfer contributions and may withdraw them from the Plan at any time. However, assets transferred from a money purchase pension plan to this Plan may not be distributed before your retirement, death, disability or severance from employment or prior to plan termination.

Annual Additions Limitation

In spite of the contribution/allocation formulas described earlier, federal law limits the annual amount that may be allocated to your account to the lesser of \$45,000 (for 2007) or 100% of your Compensation. The \$45,000 limit is adjusted periodically for changes in the cost-of-living index. See your Plan Administrator for the current year's limit.

COMPENSATION

The definition of Compensation for plan purposes may vary for many reasons. For example, federal tax law may require use of one definition of Compensation for nondiscrimination testing and another definition for contribution allocation purposes. In addition, federal tax law permits employers such as EduCare Learning Group, Inc. to choose the definition of Compensation that will be used for other purposes. Regardless of the various definitions of Compensation which may be required or allowed, in the event your Compensation exceeds \$225,000 per year (for plan years that begin in 2007), only the first \$225,000 will be counted as Compensation under the Plan. This \$225,000 cap is adjusted periodically for changes in the cost-of-living index. See your Plan Administrator for the current year's limit.

Also, if you satisfy the eligibility requirements and enter the Plan on a date other than the first day of the year over which your Compensation is to be determined, the Compensation earned during the year, but prior to your entry into the Plan, will be excluded.

EduCare Learning Group, Inc. has elected to use your Plan Year W-2 Compensation for purposes of this Plan. Your Compensation, however, will be adjusted as described below.

Elective deferrals you make to a EduCare Learning Group, Inc. cafeteria, 401(k), salary deferral SEP, tax sheltered annuity plan, or qualified transportation fringe benefits you receive will be included in your Compensation.

PLAN ADMINISTRATION AND MANAGEMENT

All contributions made to the Plan on your behalf will be placed in a trust fund established to hold dollars for the benefit of all Participants. EduCare Learning Group, Inc. will establish and maintain an Individual Account for you and all Participants. Your Individual Account will be used to track your share in the total trust fund.

SELF DIRECTION OF INVESTMENTS

This Plan allows you to direct the investment of the assets in your Individual Account. EduCare Learning Group, Inc. will establish uniform and nondiscriminatory policies describing how and when you may provide investment directions.

ERISA SECTION 404(c) PLAN

Your Employer intends that the retirement Plan you participate in satisfies the requirements of Sec. 404(c) of the Employee Retirement Income Security Act (ERISA) and Title 29, Code of Federal Regulations, Sec. 2550.404c-1. This means that your Employer is providing you with a variety of investment options, which allows you to choose those investments that meet your retirement savings needs. As a result, your Employer, and other people in charge of the Plan, will not be responsible for the performance of the investments that you select.

ADDITIONAL INFORMATION

You may request the following additional investment information from your Employer:

1. a description of the annual operating expenses of each investment alternative which reduces your rate of return and the overall amount of such expenses shown as a percentage of average net assets of the investment alternative;
2. copies of any prospectuses, financial statements and reports, and any other materials relating to the investment alternatives available under the Plan if such information is provided to the Plan;
3. a list of the actual investments held in each investment alternative and the value of each of these individual investments (or the proportion of the investment alternative which it comprises);
4. with respect to each individual investment which has a fixed rate of interest and is issued by a bank, savings and loan association, or insurance company, the name of the issuer of the investment and its term and rate of return;
5. information concerning the value of shares or units in investment alternatives available to you under the Plan, as well as the past and current investment performance of the investment alternatives;
6. information concerning the value of shares or units in investment alternatives in which you have invested your retirement plan dollars.

SECTION FOUR: DISTRIBUTION OF BENEFITS AND VESTING

BENEFIT ELIGIBILITY

Certain events must occur before you may withdraw money from the Plan. In general, benefits may be withdrawn upon termination of employment after attaining normal retirement age or upon Plan termination.

Normal retirement age under this Plan is age 59.5.

You may withdraw all or a portion of your vested Individual Account if you

- terminate employment before attaining normal retirement age
- become disabled
- attain normal retirement age but continue to work

You may also withdraw your Employer Profit Sharing Contributions and Matching Contributions if you

- attain age 59½ but continue to work
- qualify for in-service distributions on account of financial hardship and are 100% vested

In addition, you may withdraw your Elective Deferrals on account of financial hardship or if you attain age 59½ but continue to work.

Generally, the only financial needs that are considered to meet the financial hardship requirements are the following items: deductible medical expenses for you or your immediate family, purchase of your principal residence, payment of tuition and related educational expenses for the next 12 months of post-secondary education for you or your immediate family, or to prevent eviction from your home or foreclosure upon your principal residence. Check with your Plan Administrator to determine if any other financial needs meet the financial hardship requirements under your Plan. A hardship distribution cannot exceed the amount of your immediate and heavy financial need and you must have obtained all distributions and all nontaxable loans from all Plans maintained by EduCare Learning Group, Inc. prior to qualifying for a hardship distribution. Hardship distributions are subject to a 10% penalty tax if received before you reach age 59½.

Your Elective Deferrals will be suspended for 12 months after receipt of the hardship distribution of Elective Deferrals.

DISTRIBUTION OF BENEFITS

Form of Payment

Payments from the Plan that are eligible rollover distributions may be taken in two ways. You may have all or any portion of your eligible rollover distribution either (1) paid in a direct rollover to an individual retirement account or another employer plan or (2) paid to you. If you choose to have your Plan benefits paid to you, you will receive only 80% of the payment, because EduCare Learning Group, Inc. is required to withhold 20% of the payment and send it to the IRS as income tax withholding to be credited against your taxes.

EduCare Learning Group, Inc. will give you more information about your options around the time that you request your payout from the Plan. That information will, among other things, define an eligible rollover distribution.

If you terminate employment and your vested Individual Account (i.e., the amount of money in the Plan you are entitled to) is eligible to be rolled over, is more than \$1,000, but is no more than \$5,000, and you do not elect to receive your distribution from the Plan in either a single lump sum or a direct rollover, your benefits will be paid as a direct rollover to an individual retirement account. EduCare Learning Group, Inc. will select an individual retirement account trustee, custodian or issuer that is unrelated to EduCare Learning Group, Inc., establish the individual retirement account with the trustee and make the initial investment choices for the account.

If your vested Individual Account is more than \$5,000 and you request a distribution, all or a portion of your benefits under the Plan will be made in the following form(s):

- lump sum
- installment payments
- applied to purchase of an annuity contract, other than a life annuity

Timing of Benefit Payments

If the value of your Individual Account is no more than \$5,000, EduCare Learning Group, Inc. will direct that your benefits be paid as soon as administratively feasible.

If your account is more than \$5,000, your funds will be left in the Plan until you submit a written request to EduCare Learning Group, Inc. for payment. However, you must begin taking required minimum distributions at age 70½. If you are not more than a five-percent owner, the Plan may allow you to delay taking required minimum distributions until you retire. EduCare Learning Group, Inc. will provide you with more information and the proper request forms.

DETERMINING YOUR VESTED AMOUNT

Amount of Benefit

Whether you receive the full value of your account(s) depends on the reason you are receiving the distribution and your vested percentage in your contributions. Your distribution will be the full value of your Individual Account (that is, you will be 100% vested) if EduCare Learning Group, Inc. terminates this Plan, completely discontinues contributions to the Plan, or you reach normal retirement age, die or become disabled.

However, if you terminate employment and thus become eligible for a distribution from the Plan, your distribution will be only the vested amount in your Individual Account. Loss, denial or reduction of anticipated benefits may occur if you terminate employment before becoming fully vested, or if all or a portion of your benefit is set aside for an alternate payee under a qualified domestic relations order (QDRO). (Participants and Beneficiaries may obtain from EduCare Learning Group, Inc. without charge a copy of the Plan's procedures governing QDRO determinations.) You may also lose your benefit if you cannot be located when a benefit becomes payable to you.

Your vested amount is determined by multiplying the value of your Individual Account subject to the plan's vesting schedule by the applicable percentage from the vesting schedule. The vesting schedule determines how rapidly your Individual Account balance becomes nonforfeitable based on years of service.

EXAMPLE: Assume you have \$10,000 subject to a vesting schedule in your Individual Account and you terminate employment when you are 40% vested. Your vested amount would be \$4,000 (.40 x \$10,000).

You will generally be vested in your Individual Account derived from Profit Sharing Contributions and forfeitures according to the following schedule.

<u>Years of Vesting Service</u>	<u>Vested Percentage</u>
Less than One	0%
1	0%
2	20%
3	40%
4	60%
5	80%
6	100%

You will generally be vested in your Individual Account derived from Matching Contributions and forfeitures according to the following schedule.

<u>Years of Vesting Service</u>	<u>Vested Percentage</u>
Less than One	0%
1	0%
2	20%
3	40%
4	60%
5	80%
6	100%

Years of Vesting Service

You must provide a minimum of 1000 hours of service to complete a year of vesting service. In addition, you must exceed 500 hours of service to avoid a break in vesting service.

All of your years of service with EduCare Learning Group, Inc. are counted for the purpose of determining your vested percentage except

- years of service before you attained age 18

Profit Sharing Contribution Forfeitures

If you are not 100% vested and receive a distribution of your Profit Sharing Contributions, the dollars left in the Plan are called forfeitures. In your Plan, forfeitures may be applied first to payment of plan administration expenses. Any remaining forfeitures will be used towards Profit Sharing Contributions. If you return to work for EduCare Learning Group, Inc. before incurring five consecutive one year breaks in service, you may recapture the forfeited benefit. Generally, your forfeited benefit will be restored immediately by EduCare Learning Group, Inc. if you have not incurred five consecutive one year breaks in service, and if you pay back to the Plan the distribution that you received.

Matching Contribution Forfeitures

If you are not 100% vested and receive a distribution of your Matching Contributions, the dollars left in the Plan are called forfeitures. In your Plan, forfeitures may be applied first to payment of plan administration expenses. Any remaining forfeitures will be used towards Matching Contributions. If you return to work for EduCare Learning Group, Inc. before incurring five consecutive one year breaks in service, you may recapture the forfeited benefit. Generally, your forfeited benefit will be restored immediately by EduCare Learning Group, Inc. if you have not incurred five consecutive one year breaks in service, and if you pay back to the Plan the distribution that you received.

RESTRICTIONS OR PENALTIES ON DISTRIBUTIONS

If you receive a distribution before reaching age 59½, you must pay an additional 10% penalty tax on dollars included in income. There are, however, exceptions to the 10% early distribution penalty. Your tax advisor can assist you in determining if one of the exceptions applies to your distribution.

PAYOUTS TO YOUR BENEFICIARIES

Your beneficiary will receive the total value of your Individual Account when you die. If you are married, your spouse will automatically be your beneficiary. To choose another beneficiary, you must sign a written form listing a nonspouse beneficiary. Your spouse must give written consent to this in the presence of a notary public. Contact EduCare Learning Group, Inc. if you wish to choose a nonspouse beneficiary. If the vested value of your Individual Account is no more than \$5,000, your beneficiary will receive a lump sum payment of the entire amount.

If the value of your vested Individual Account is greater than \$5,000, your beneficiary will receive a payout(s) in a form other than a life annuity.

SECTION FIVE: CLAIMS PROCEDURE

WHAT TO DO TO RECEIVE BENEFITS

You or your beneficiary must file a written request with EduCare Learning Group, Inc. in order to start receiving benefits when you become eligible for them or when you die. If you do not receive a benefit to which you believe you are entitled, you should file a claim with EduCare Learning Group, Inc.

HOW TO FILE A CLAIM

You may claim a benefit to which you think you are entitled by filing a written request with EduCare Learning Group, Inc. The claim must set forth the reasons you believe you are eligible to receive benefits and authorize EduCare Learning Group, Inc. to conduct such examinations and take such steps as may be necessary to evaluate the claim.

WHAT TO DO IF YOUR CLAIM IS DENIED

Except as described below, if your claim is denied, EduCare Learning Group, Inc. will provide you or your Beneficiary with a written notice of the denial within 90 days of the date your claim was filed. This notice will give you the specific reasons for the denial, the specific provisions of the Plan upon which the denial is based, and an explanation of the procedures for appeal. In the case of a claim for disability benefits, if EduCare Learning Group, Inc. is making a determination of whether you are disabled (as defined in the Plan), you will be notified of a denial of your claim within a reasonable amount of time, but not later than 45 days after the Plan receives your claim. The 45-day time period may be extended by the Plan for up to 30 days, if EduCare Learning Group, Inc. determines that an extension is necessary due to matters beyond the control of the Plan. EduCare Learning Group, Inc. will notify you, before the end of the 45-day period, of the reason(s) for the extension and the date by which the Plan expects to make a decision regarding your claim.

If, before the end of the 30-day extension, EduCare Learning Group, Inc. determines that, due to matters beyond the control of the Plan, a decision regarding your claim cannot be made within the 30-day extension, the period for making the decision may be extended for an additional 30 days, provided that EduCare Learning Group, Inc. notifies you, prior to the end of the first 30-day extension, of the circumstances requiring the additional extension and the date as of which the Plan expects to make a decision. The notice will specifically explain the standards on which the approval of your claim will be based, the unresolved issues that prevent a decision on your claim, and the additional information needed to resolve those issues. You will have at least 45 days within which to provide the specified information.

The period of time within which approval or denial of your claim is required to be made generally begins at the time your claim is filed. If the period of time is extended because you fail to submit information necessary to decide your claim, the period for approving or denying your claim will not include the period of time between the date on which the notification of the extension is sent to you and the date on which you provide the additional information.

EduCare Learning Group, Inc. will provide you with written or electronic notification if your claim is denied. The notification will provide the following:

- i. The specific reason or reasons for the denial;
- ii. Reference to the specific section of the Plan on which the denial is based;
- iii. A description of any additional information that you must provide before the claim may continue to be processed and an explanation of why such information is necessary;
- iv. A description of the Plan's review procedures and the time limits applicable to such procedures, including a statement of your right to bring a civil action under Section 502(a) of the Employee Retirement Income Security Act (ERISA) following a claim denial on review;
- v. In the case of a Plan providing disability benefits,

If EduCare Learning Group, Inc. used an internal rule or guideline in denying your claim, either the specific rule or guideline; or a statement that the rule or guideline was relied upon in denying your claim and that a copy will be provided free of charge to you upon request.

If the claim denial is based on a medical necessity, experimental treatment or similar situation, either an explanation of the scientific or clinical basis for the denial, applying the terms of the Plan to your medical circumstances, or a statement that an explanation will be provided free of charge upon request.

HOW TO APPEAL A DENIED CLAIM

You or your Beneficiary will have 60 days from receipt of the notice of claim denial in which to appeal the EduCare Learning Group, Inc. decision. You may request that the review be in the nature of a hearing and an attorney may represent you. However, in the case of a claim for disability benefits, if EduCare Learning Group, Inc. is deciding whether you are disabled under the terms of the Plan, you will have at least 180 days following receipt of notification of a claim denial within which to appeal EduCare Learning Group, Inc. decision.

You may submit written comments, documents, records, and other information relating to your claim. In addition, you will be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information pertaining to your claim.

Your appeal will take into account all comments, documents, records, and other information submitted by you relating to the claim, even if the information was not included originally.

If the claim is for disability benefits:

- i. Your claim will be reviewed independent of your original claim and will be conducted by a named fiduciary of the Plan other than the individual who denied your original claim or any of his or her employees.
- ii. In deciding an appeal of a claim denial that is based in whole or in part on a medical judgment, the appropriate named fiduciary will consult with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment;
- iii. EduCare Learning Group, Inc. will provide you with the name(s) of the health care professional(s) who was consulted in connection with your original claim, even if the claim denial was not based on his or her advice. The health care professional consulted for purposes of your appeal will not be the same person or any of his or her employees.
- iv. You will be notified of the outcome of your appeal no later than 45 days after receipt of your request for the appeal, unless EduCare Learning Group, Inc. determines that special circumstances require an extension of time for processing the claim. If EduCare Learning Group, Inc. determines that an extension is required, written notice of the extension will be provided to you prior to the end of the initial 45-day period. The notice will identify the special circumstances requiring an extension and the date by which the Plan expects to make a decision regarding your claim.

EduCare Learning Group, Inc. will provide you with written or electronic notification of the final outcome of your claim. The notification will include:

- i. A statement that you are entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim;
- ii. A statement describing any additional voluntary appeal procedures offered by the Plan, your right to obtain the information about such procedures, and a statement of your right to bring an action under Section 502(a) of ERISA; and
- iii. If EduCare Learning Group, Inc. used an internal rule or guideline in denying your claim, either the specific rule or guideline; or a statement that the rule or guideline was relied upon in denying your claim and that a copy will be provided free of charge to you upon request.

If the claim denial is based on a medical necessity, experimental treatment or similar situation, either an explanation of the scientific or clinical basis for the denial, applying the terms of the Plan to your medical circumstances, or a statement that an explanation will be provided free of charge upon request.

SECTION SIX: MISCELLANEOUS

PLAN TERMINATION

EduCare Learning Group, Inc. expects to continue the Plan indefinitely. However, EduCare Learning Group, Inc. may terminate the Plan at any time by appropriate action of its managing body. In the unlikely event EduCare Learning Group, Inc. does terminate the Plan, you will become 100% vested in the aggregate value of your Individual Account regardless of whether your vesting years of service are sufficient to make you 100% vested under the vesting schedule(s).

If the Plan terminates, benefits are not insured by the Pension Benefit Guaranty Corporation (PBGC). Under the law, PBGC insurance does not cover the type of plans called defined contribution plans. This Plan is a defined contribution plan and, therefore, is not covered.

BREAK IN SERVICE SITUATIONS

If you quit your job, incur a break in service and then return to work, your date of participation depends on whether you had a vested interest in contributions at the time you quit and incurred a break in service.

If you had a vested interest, you will participate again on the first Entry Date after your return to employment. In addition, your vesting years of service accumulated prior to the time you quit and incurred a break in service will be counted in figuring your vested interest.

If you did not have a vested interest, any eligibility years of service occurring before the break in service will be taken into account and you will begin to participate again on the first Entry Date after your return to service unless the number of consecutive one year breaks in service equals or exceeds the greater of five years, or the aggregate number of eligibility years of service preceding the breaks in service. If your period of consecutive breaks in service exceeds your period of prior service, you will be treated as a new employee and will participate again when you satisfy the Plan's eligibility requirements. In addition, any vesting years of service occurring before the break in service will be taken into account in computing your vested interest under the Plan unless the number of consecutive one year breaks in service equals or exceeds the greater of five years or the aggregate number of vesting years of service preceding the breaks in service. For example, if you work for two years, quit without being vested, and then return to employment after a break of two years or less, the Plan will give you vesting credit for the initial two-year period.

PLAN EXPENSES

All reasonable expenses of administration, including, but not limited to, those involved in retaining necessary professional assistance may be paid from the assets of the Plan. Such expenses may be allocated among all Plan Participants or, with respect to expenses directly related to you, charged to your Individual Account. Examples of expenses that may be directly related to you include, but are not limited to, general recordkeeping fees and expenses incurred in relation to loans (if permitted under your Plan), distributions, qualified domestic relations orders and your ability to direct the investment of your Individual Account, if applicable. Finally, the Employer may, in its discretion, pay any or all of these expenses. Your Plan Administrator will provide you with a summary of all Plan expenses and the method of payment of the expenses upon request.

SECTION SEVEN: RIGHTS UNDER ERISA

THE RIGHTS AND PROTECTIONS TO WHICH A PLAN PARTICIPANT IS ENTITLED UNDER THE EMPLOYEE RETIREMENT INCOME SECURITY ACT

As a Participant in this Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Plan Participants shall be entitled to:

Receive Information About Your Plan and Benefits

1. Examine, without charge, at the Plan Administrator's office and at other specified locations, such as work sites and union halls, all Plan documents governing the plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by EduCare Learning Group, Inc. with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
2. Obtain, upon request to the Plan Administrator, copies of documents governing the operations of the plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated Summary Plan Description (SPD). The Plan Administrator may make a reasonable charge for the copies.
3. Receive a summary of the Plan's annual financial report. EduCare Learning Group, Inc. is required by law to furnish each participant with a copy of this Summary Annual Report.
4. Obtain, once a year, a statement of the total pension benefits accrued and the nonforfeitable (vested) pension benefits (if any) or the earliest date on which benefits will become nonforfeitable (vested). The Plan may require a written request for this statement, but it must provide the statement free of charge.

Prudent Action by Plan Fiduciaries

In addition to creating rights for Plan Participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan Participants and beneficiaries. No one, including EduCare Learning Group, Inc., your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a pension benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require EduCare Learning Group, Inc. to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of EduCare Learning Group, Inc. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order, you may file suit in Federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay the costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Your Questions

If you have any questions about your Plan, you should contact EduCare Learning Group, Inc. If you have any questions about this statement or about your rights under ERISA, or you need assistance in obtaining documents from EduCare Learning Group, Inc., you should contact the nearest office of the Employee Benefits Security Administration, U. S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U. S. Department of Labor, 200 Constitution Avenue N.W., Washington D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

Further, if this Plan is maintained by more than one employer, you can obtain, in writing, information as to whether a particular employer is participating in this Plan and, if so, the participating Employer's address. In addition, you may request, in writing, a complete list of Employers participating in this Plan. You may obtain such information by making a written request to EduCare Learning Group, Inc. EduCare Learning Group, Inc. is the most significant (parent) employer of the group of employers maintaining this Plan.

Employer Information

Name: EduCare Learning Group, Inc.
Address: 506 Limona Road
Brandon, FL 33510

Business Telephone: 813.966.5453
Identification Number: 26-1449218
Income Tax Year End: December 31st

Agent for Service of Legal Process

The Agent for Service of Legal Process is the person upon whom any legal papers can be served. Service of legal process may be made upon a Plan Trustee, the Employer or the Plan Administrator.

Name: Baldwin Sterling
Address: P.O. Box 20481, Tampa, Florida 33622

Trustee(s)

Name: Baldwin Sterling
Title: Trustee
Business Address: P.O. Box 20481, Tampa, Florida 33622
Business Telephone: 813.966.5453

Name: Debra Sterling
Title: Trustee
Business Address: P.O. Box 20481, Tampa, Florida 33622
Business Telephone: 813.966.5453

END